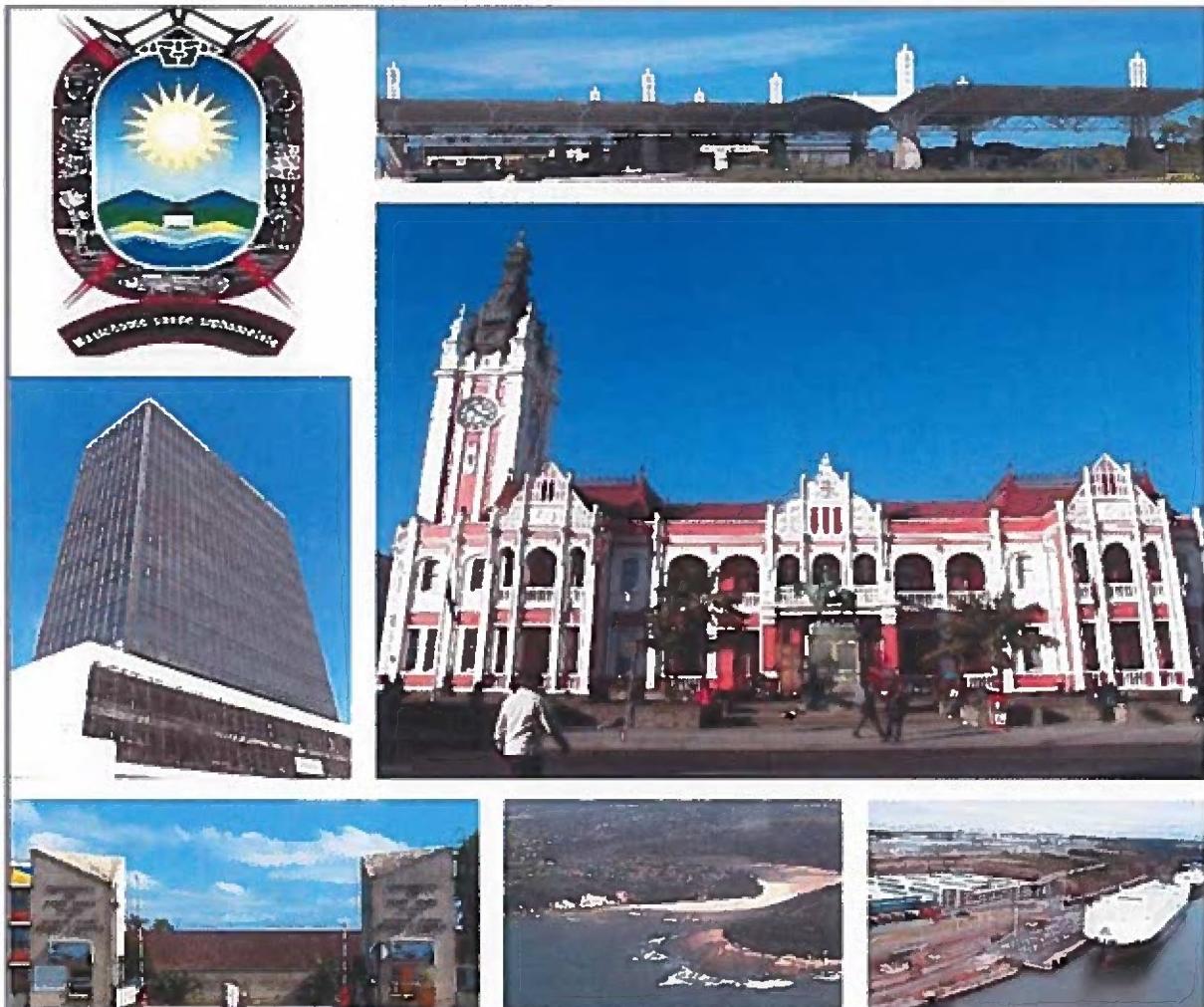


## **ANNUAL BUDGET OF BUFFALO CITY METROPOLITAN MUNICIPALITY**



**2016/2017 TO 2018/19  
MEDIUM TERM REVENUE AND  
EXPENDITURE FRAMEWORK (MTREF)  
BUDGET  
31 MAY 2016**



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## ABBREVIATIONS AND ACRONYMS

<b>AMR</b>	Automated Meter Reading	<b>Km</b>	Kilometre
<b>ASGISA</b>	Accelerated and Shared Growth Initiative South Africa	<b>KPA</b>	Key Performance Area
<b>BCMM</b>	Buffalo City Metropolitan Municipality	<b>KPI</b>	Key Performance Indicator
<b>BCDA</b>	Buffalo City Development Agency	<b>kWh</b>	Kilowatt hour
<b>BSC</b>	Budget Steering Committee	<b>ℓ</b>	litre
<b>CBD</b>	Central Business District	<b>LED</b>	Local Economic Development
<b>CFO</b>	Chief Financial Officer	<b>MBRR</b>	Municipal Budgeting and Reporting Regulations
<b>CM</b>	City Manager	<b>MDGS</b>	Metro Growth and Development Strategy
<b>CoGTA</b>	Cooperative Government & Traditional Affairs	<b>MEC</b>	Member of the Executive Committee
<b>CPI</b>	Consumer Price Index	<b>MFMA</b>	Municipal Finance Management Act
<b>CRRF</b>	Capital Replacement Reserve Fund	<b>MIG</b>	Municipal Infrastructure Grant
<b>DBSA</b>	Development Bank South Africa	<b>MMC</b>	Member of Mayoral Committee
<b>DoRA</b>	Division of Revenue Act	<b>MPRA</b>	Municipal Property Rates Act
<b>DWA</b>	Department of Water Affairs	<b>MSA</b>	Municipal Systems Act
<b>EE</b>	Employment Equity	<b>MTEF</b>	Medium-term Expenditure Framework
<b>EEDSM</b>	Energy Efficiency Demand Side Management	<b>MTREF</b>	Medium-term Revenue and Expenditure Framework
<b>EM</b>	Executive Mayor	<b>NDPG</b>	Neighbourhood Development Partnership Grant
<b>EPWP</b>	Expanded Public Works Programme	<b>NERSA</b>	National Electricity Regulator South Africa
<b>FBS</b>	Free Basic Services	<b>NGO</b>	Non-Governmental Organisations
<b>FMG</b>	Finance Management Grant	<b>NKPIs</b>	National Key Performance Indicators
<b>GAMAP</b>	Generally Accepted Municipal Accounting Practice	<b>OP</b>	Operational Plan
<b>GDP</b>	Gross Domestic Product	<b>PMS</b>	Performance Management System
<b>GFS</b>	Government Financial Statistics	<b>PPE</b>	Property, Plant and Equipment
<b>GRAP</b>	Generally Recognized Accounting Practice	<b>PPP</b>	Public Private Partnership
<b>HR</b>	Human Resources	<b>PTIS</b>	Public Transport Infrastructure System
<b>HSDG</b>	Human Settlement Development Grant	<b>SALGA</b>	South African Local Government Association
<b>HSRC</b>	Human Science Research Council	<b>SDBIP</b>	Service Delivery Budget Implementation Plan
<b>IDP</b>	Integrated Development Plan	<b>SMME</b>	Small Micro and Medium Enterprises
<b>ELIDZ</b>	East London Industrial Development Zone	<b>USDG</b>	Urban Settlement Development Grant
<b>INEP</b>	Integrated National Electrification Programme	<b>WSA</b>	Waster Services Authority
<b>IT</b>	Information Technology	<b>WSDP</b>	Water Services Development Plan
<b>kℓ</b>	Kilolitre		



## PART 1 – ANNUAL BUDGET

### 1.1 EXECUTIVE MAYOR'S REPORT

The Honourable Minister of Finance stated in his budget speech of 24 February 2016 that a period of unprecedented monetary stimulus in response to the 2008 recession is not yet over, and global volatility and structural imbalances are far from resolved. He further highlighted that the South African major exports (platinum, gold, iron ore and coal) have seen substantial declines in global demand and in prices. These have the negative effects to the country's economy that are widespread:

- lower export earnings,
- lower revenue,
- declining investment,
- job losses, and in some cases business failures.

The speech also highlighted the fact that the world's economic growth declined from 3.4 per cent in 2014 to an estimated 3.1 per cent last year. The decline in the sub-Saharan Africa was from 5 per cent to 3.5%. According to National Treasury, the South African economic growth is also expected to decline from 1.3% in 2016 to 0.9% this year (2016).

The Honourable Minister's speech also noted another important fact that faster growth is being achieved in countries which have undertaken bold structural reforms, such as India's scaling back of subsidies for industry and opening up of trade opportunities, and the promotion of skilled immigration, urban investment and labour-intensive manufacturing and agro-processing in South-east Asian and several African economies. This gives us pointer on the likely route the City could follow to combat the declining economic growth. The City has the responsibility to contribute towards measures that would help the Country to attract investors and stimulate economic growth.

The speech of the Honourable MEC for Finance in the province of 04 March 2016, indicated that the provincial economy is forecast to lag behind the national average thus requiring an integrated sectoral approach to ensure growth. The speech further indicated that the severe drought has affected agricultural output which stood at 1.5 % in 2013 to -

10.6 % in the 3rd quarter of 2015. The speech advises that fiscal policy choices that will enable us to mitigate against the effects of a subdued economy be made.

In response to the above challenges the Honourable Minister of Finance responded by putting the stringent cost containment measures across all departments.

These include:

- Restrictions on filling managerial and administrative vacancies, subject to review of human resource plans and elimination of unnecessary positions;
- Reduced transfers for operating budgets of public entities;
- Capital budgeting reforms to align plans with budget allocations while strengthening maintenance procedures;
- Mandatory use of the new e-tender portal, thereby enforcing procurement transparency and accessible reference prices for a wide range of goods and services;
- A national travel and accommodation policy and instructions on conference costs;
- New guidelines to limit the value of vehicle purchases for political office bearers;
- Renegotiation of government leasing contracts;
- New centrally negotiated contracts for banking services, ICT infrastructure and services, health technology, school building and learner support materials.

The Honourable MEC for Finance in the province has heeded a call and put the following cost containment measures:

- Ensuring fiscal sustainability
- Strict implementation of Cost Containment Measures
- Containment of the Provincial wage Bill
- Increasing own revenue generation
- Rationalisation of Public Entities and
- Attaining value for money

The Buffalo City Metropolitan Municipality understands that it is not immune to the economic challenges that are experienced globally and by South African. Therefore,

BCMM has taken and followed a tune of a more conservative approach in the manner in which it approaches this MTREF budget. This approach includes giving consideration in the budget to the cost containment measures suggested by National Treasury. These measures are being implemented in an attempt to ensure the future viability of the institution and to focus on reducing the negative impact on the residents within our boundaries. Continuing from prior year cost containment measures, the following cost containment measures have been applied in the 2016 MTREF budget:

- The annual budget allocation for critical unfunded posts has been ceased.
- Contracted Services and General Expense annual increase has been capped at 4% in the 2016/17 financial, this below the CPI annual increase was reached having considered that no annual increase was effected on these expenditure categories in the 2015/16 MTREF.
- The exercise of scrutinising cost drivers within our value chain to identify areas for efficiency improvement is still on-going.

It gives me great pleasure to announce that our total budget (operating and capital) for the MTREF period is growing from R7.46 billion in the 2016/17 to R8.10 billion in the 2017/18 financial year, it further grows to R8.77 billion in the 2018/19 financial year of which consistently over R1.5 billion per annum has been allocated for infrastructure investment. Our commitment to respond to our people's legitimate demand for a better life is reflected in a budget in which the **key priorities are Water and Sanitation, Roads and Storm water, Human Settlements development, Transport Planning, Electricity** and related **critical infrastructure and maintenance**. In a continued effort to create jobs for the communities of Buffalo City and to encourage private sector investment the capital budget is being focused on a mix social and economic infrastructure investments. As part of its long term plan on human capital development, the city has allocated funding for internship programmes, especially in the areas of finance and engineering as well as the EPWP Programme. The City further continues to allocate funding for bursaries to its employees as well as communities of BCMM. This is in line with, and reflects our commitment to the priorities of the National Development Plan and Provincial Development plan while of course reflecting our own Constitutional role as a local actor on the national stage. The budget allocation is based on the priorities that have been identified through the City's IDP

reviews process. It also seek to works towards achieving the goals that are set in the recently adopted Metro Growth and Development Strategy.

In total, the budget for our **capital and operating projects** amounts to just **over R6.2 billion over the MTREF period** (2016/17: R1.9 billion, 2017/18: R2.1 billion and 2018/19: R2.3 billion. The municipality has recognised the economic adversities that is currently being experienced by its citizens and in an attempt to relieve the growing poverty it has taken a decision to strive to keep its tariff increases at the most minimal feasible levels. This has resulted in the Metro reducing its tariff increases as compared to those that were approved by Council in the 2015/16 MTREF on Property Rates and all the services. On Property Rates the increase has been reduced from 9.6% to 7.6% for 2016/17, decreased from 9.4% to 7.2%, for 2017/18 and an increase of 7% is projected for 2018/19. Refuse Removal has been reduced from 9.2% to 7.8% for 2016/17, decreased from 9% to 7.5% for 2017/18 and an increase 7.2% is projected for 2018/19 financial year. The Sewerage tariff increase has also been decreased form 9.2% to 7.8% for 2016/17, reduced from 9% to 7.5% for 2017/18 and an increase of 7.2% for 2018/19 is projected. However, Water and Electricity losses remain a concern. For the Water Service, the tariff increases that was approved in the 2015/16 MTREF for 2016/17 has been reduced from 10.70% to 8%, for 2017/18 the increase has also been decreased from 10.5% to 7.89%. An increase of 7.92% is proposed for the 2018/19 financial year. The City has followed the proposed NERSA increase of 7.64% for Electricity tariff.

The preparation of the General Valuation Roll as required by the Municipal Property Rates Act was undertaken and was implemented on 1 July 2014. Supplementary Valuations will continue being regularly conducted throughout the years and it is anticipated that this will result in increased property rates revenue (2016/17: R97 million).

In a continued effort to ensure future financial viability of the city continuous review of the operational cost base is being undertaken in an attempt to identify inefficiencies. This has yielded positive results hence the institution has been able project reduced tariff increases. The institution will continue focusing on the operational budget in the 2016/17 financial year in order to reduce further any inefficiency and thereby reduce the impact on Buffalo City Metropolitan Municipality residents. The City strives to ensure that the tariffs are cost

reflective of the services that have been provided. It is however important to mention the fact that the City's revenue base is not at the required levels due to high rural areas that are part of the Metro. This required creative and innovative ways of ensuring efficiency in whatever activities that are undertaken. We shall continue to strive for equal service levels for all our communities in the Metro.

We have been mindful that inflation leads to more pain for the poor than any other group. I am happy therefore to propose that the **7.69% increase** of the basic welfare package for households that qualify in terms of our policy, which means that the indigents of Buffalo City will continue to have a **safety net of free basic services**, translating in the new year to a basket of services to the value of **R485.82 per household per month**.

In support of our local economy, the Directorate of **Economic Development & Agencies** is running programmes in an effort to reduce unemployment and indigent rate in our Metro. The Directorate has been allocated a capital budget of R148 million (R44.5 million, R45.5 million and R57.5 million) over the MTREF period

In the coming year our engineers will continue with the process of eradicating backlogs in **water supply infrastructure whilst also attending to aging infrastructure**. We will continue to meet our pressing **sanitation challenges** in rural areas and informal settlements, as well as expanding the capacity of infrastructure **in our urban area to accommodate and open opportunities for further developments**.

An amount of **R830 million** (2016/17: R267 million, 2017/18: R274 million and 2018/19: R289 million) has been set aside over the next three (3) years for the construction and refurbishment of **Roads and Storm Water infrastructure** across the City. The City is also continuing with the process of fleet renewal and procuring its own specialized vehicles for the maintenance and construction of rural roads. A total allocation of **R58 million** has been provided for this (Vehicles) over the MTREF.

As far as **Wastewater Treatment infrastructure** is concerned, a total capital budget of **R1.3 million over the MTREF period** to this trading service (2016/17: R371 million,

2017/18: R507 million and 2018/19: R389 million). This includes the amount of R310 million from own funds specifically for the replacement and refurbishment of existing infrastructure within the Metro that has been allocated in the MTREF period. It also include an amount of R436 million from borrowings to be utilised over the MTREF period fund the sewer diversion tunnel project.

**Our Water Services** benefit to a total capital budget of **R323 million over the MTREF** period (2016/17: R87.5 million, 2017/18: R95 million and 2018/19: R140 million) to expand our water infrastructure, to augment water treatment capacity and to eradicate backlogs in access to potable water supply. This includes the amount of R160 million from own funds specifically for the replacement and refurbishment of existing infrastructure within the Metro that has been allocated in the MTREF.

Our Municipal Services Directorate is scheduled to spend a capital budget amounting to **R361 million** in the forthcoming MTREF period of which R86 million that is from own funds will be spent in the 2016/17 financial year mainly on **Construction and Refurbishment of Waste Cells at Landfill Sites; Cemeteries** as well as a range of **public amenities** including community halls, sports facilities, etc. Each year the City's cemeteries are being brought under increasing pressure as a result of the **elevated mortality rate** in Buffalo City. This requires our **Environmental Services Department** annually to identify potential new sites for **cemetery development** that meet the rigorous requirements of environmental legislation, while being close enough to our settlements to be practically useful. An amount of R14 million over the MTREF period has been provided for development and upgrading cemeteries in the Metro.

From the **health and public safety perspective**, an amount of R13 million has been allocated over the MTREF period installation of a **CCTV camera surveillance network** in order to improve safety in the Metro. The City has allocated R21 million in the MTREF period towards fire engines, fire equipment and disaster management vehicles & equipment to ensure that we are able to swiftly respond to fire and disaster emergency calls. An amount of R15.5 million has been set aside in the MTREF period for the KWT

Traffic Building. A further R5 million has been provided for Vehicle Test Station Upgrade and equipment over the MTREF period.

**Transport Planning** continues to be a focus area for the institution considering the higher traffic volumes on our roads. In order to ensure that we are alleviating congestion and protecting our inhabitants an amount of **R549 million** (2016/17: R140 million, 2017/18: R162 million and 2018/19: R247 million) has been allocated in the MTREF period for the implementation of integrated transport plan. This includes the establishment and refurbishment of transport facilities.

On **Spatial Planning and Development**, the City will be spending **R273 million** (2016/17: R91 million, 2017/18: R98 million and 2018/19 R85 million) over the MTREF period towards achieving spatial transformation and integration.

**Electricity Trading Service** has been allocated **R477 million over the MTREF period** (2016/17: R143 million, 2017/18: R163 million and 2018/19: R171 million) for **bulk infrastructure, electrification and upgrading of informal areas**. This includes the amount of R330 million from own funds specifically for the replacement and refurbishment of existing infrastructure within the urban core that has been provided in the MTREF (2016/17: R100 million, 2017/18: R110 million and 2018/19: R120 million). BCMM is still proceeding with investigating potential alternative sources of energy to ensure a more sustainable energy mix by 2030. The BCM State of Energy Report (2008) highlighted some issues and opportunities associated with sustainable energy in BCMM. These are outlined here below:-

- Energy not necessarily used efficiently or sustainably - Energy demand is increasing, the focus has been on increasing supply, rather than managing demand;
- Lack of incentive to use energy efficiently;
- There are a number renewable energy, energy efficiency and carbon trading opportunities in BCMM;

A number of sustainable energy initiatives have been planned for implementation by the municipality. Energy-efficient municipal operations provide a way to cut running costs while reducing negative impact on the natural capital.

The institution has reconstituted the Board of the Buffalo City Metro Development Agency (BCMDA) whose mandate is to drive Buffalo City Metropolitan Municipality's development. It is envisaged that the board will provide strategic direction regarding the future focus areas of the Buffalo City Metro Development Agency in an attempt to grow the local economy through encouraging private sector investment. The board is currently finalising the appointment of critical staff component that will be tasked with the daily operations of the agency with the core positions of CEO and CFO having already been appointed. The Agency is expected to run in full swing in the new financial year

BCMM, a City growing with you has a story to tell, I would like to believe, that this is a metro that is moving progressively towards being more productive, more sustainable, more responsive, more developmental and indeed more people-centred than we have been in the past.

## **1.2 COUNCIL RESOLUTIONS**

On 31 May 2016 the Council of Buffalo City Metropolitan Municipality convenes to consider the 2016/17 Integrated Development Plan (IDP) Review, Medium Term Revenue and Expenditure Framework (MTREF) and Built Environment Performance Plan (BEPP). It is recommended that the Council approves and adopts the following resolutions:

1. The Council of Buffalo City Metropolitan Municipality, acting in terms of Section 34 of the Municipal Systems Act, 32 of 2000 approves and adopts the revised 2016/17 Integrated Development Plan (IDP).
2. The Council of Buffalo City Metropolitan Municipality, acting in terms of DoRA, 2016 approves and adopts the 2016/17 Built Environment Performance Plan (BEPP)
3. The Council of Buffalo City Metropolitan Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
  - 3.1. The annual budget of the parent municipality (BCMM) for the 2016/17 MTREF and the multi-year and single-year capital appropriations as set out in the following tables:
    - 3.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained on **{Table 20}**;
    - 3.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained on **{Table 21}**;
    - 3.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained on **{Table 22}**; and
    - 3.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained on **{Table 23}**.

- 3.1.5. Budgeted Financial Position as contained on {Table 24};
  - 3.1.6. Budgeted Cash Flows as contained on {Table 25};
  - 3.1.7. Reserves and accumulated surplus reconciliation as contained on {Table 26};
  - 3.1.8. Asset management as contained on {Table 27}; and
  - 3.1.9. Basic service delivery measurement as contained on {Table 28}.
- 3.2. The annual budget of the municipal entity (BCMDA) for the 2016/17 MTREF as set out in the following tables:
- 3.2.1. Budgeted Financial Performance (revenue by source and expenditure by type) as contained on {Table 65};
  - 3.2.2. Budgeted Financial Position as contained on {Table 66}; and
  - 3.2.3. Budgeted Cash Flows as contained on {Table 67}.
- 3.3. The consolidated annual budget of the municipality the 2016/17 MTREF as set out in the following tables:
- 3.3.1. Budgeted Financial Performance (revenue by source and expenditure by type) as contained on {Table 30};
  - 3.3.2. Budgeted Financial Position as contained on {Table 31};
  - 3.3.3. Budgeted Cash Flows as contained on {Table 32};
  - 3.3.4. Reserves and accumulated surplus reconciliation as contained on {Table 33};
4. The Council of Buffalo City Metropolitan Municipality Council, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts tariffs (percentage increase contained on {Table 3}) effective from 1 July 2016:
- 4.1. property rates – as set out in Annexure E
  - 4.2. electricity – as set out in Annexure E
  - 4.3. water – as set out in Annexure E
  - 4.4. sanitation services – as set out in Annexure E
  - 4.5. solid waste services – as set out in Annexure E

- 4.6. other services as set out in Annexure E
5. To give proper effect to the municipality's draft annual budget, the Council of Buffalo City Metropolitan Municipality approves:
  - 5.1. That an indigent subsidy be granted to registered indigents in terms of Council's Indigent Policy.
  - 5.2. That an indigent consumer be given a maximum subsidy on his account of R485.52 per month, which includes a maximum of 50kwh for electricity and 6kl for water.
  - 5.3. That free basic electricity be granted for a registered indigent consumer of 50KWh per month.
  - 5.4. That free basic water be granted to a registered indigent of 6KI per month.
6. The Buffalo City Metropolitan Municipality Council, approves and adopts the revised budgeted related policies as set out in Annexures F, G, H and N:
  - 6.1. Tariff Policy
  - 6.2. Budget Virement Policy
  - 6.3. Budget Policy (Budget Management Policy)
  - 6.4. Long-term Borrowing Policy
7. That Council note the budget-related policies adopted in the previous financial years and where no amendments have been made after review, as listed in Section 1.3.8.2 of this report and are available on BCMM's website at [www.buffalocitymetro.gov.za](http://www.buffalocitymetro.gov.za).
8. That in terms of Section 24(2)(c)(iii) of the Municipal Finance Management Act, 56 of 2003, the measurable performance objectives for capital and operating expenditure by vote for each year of the medium term revenue and expenditure framework as set out in Supporting Table SA7 {Table 41} be approved.

9. That in terms of Section 24(2)(c)(iv) of the Municipal Finance Management Act, 56 2003, the amendments to the Integrated Development Plan as set out in the Budget Chapter 17 be approved.
10. Council notes that the 2016/17 MTREF Budget tabled for adoption is structured in terms of the then Buffalo City Metropolitan Municipality votes and functions.
11. MFMA Circular 78, 79 and 82 Municipal Budget Circular for the 2016/17 MTREF attached as Annexure I to be noted by Council.



**A. MTSI**

**EXECUTIVE MAYOR**

*23rd May 2016*

## 1.3 EXECUTIVE SUMMARY

Buffalo City Metropolitan Municipality adopted the Metro Growth and Development Strategy in November 2015. The MGDS serves as the blueprint for social and economic development in the Metro towards the year 2030. The IDPs to be implemented in the next 15 years will be informed by the vision of the MGDS.

### 1.3.1 Metro Growth and Development Strategy

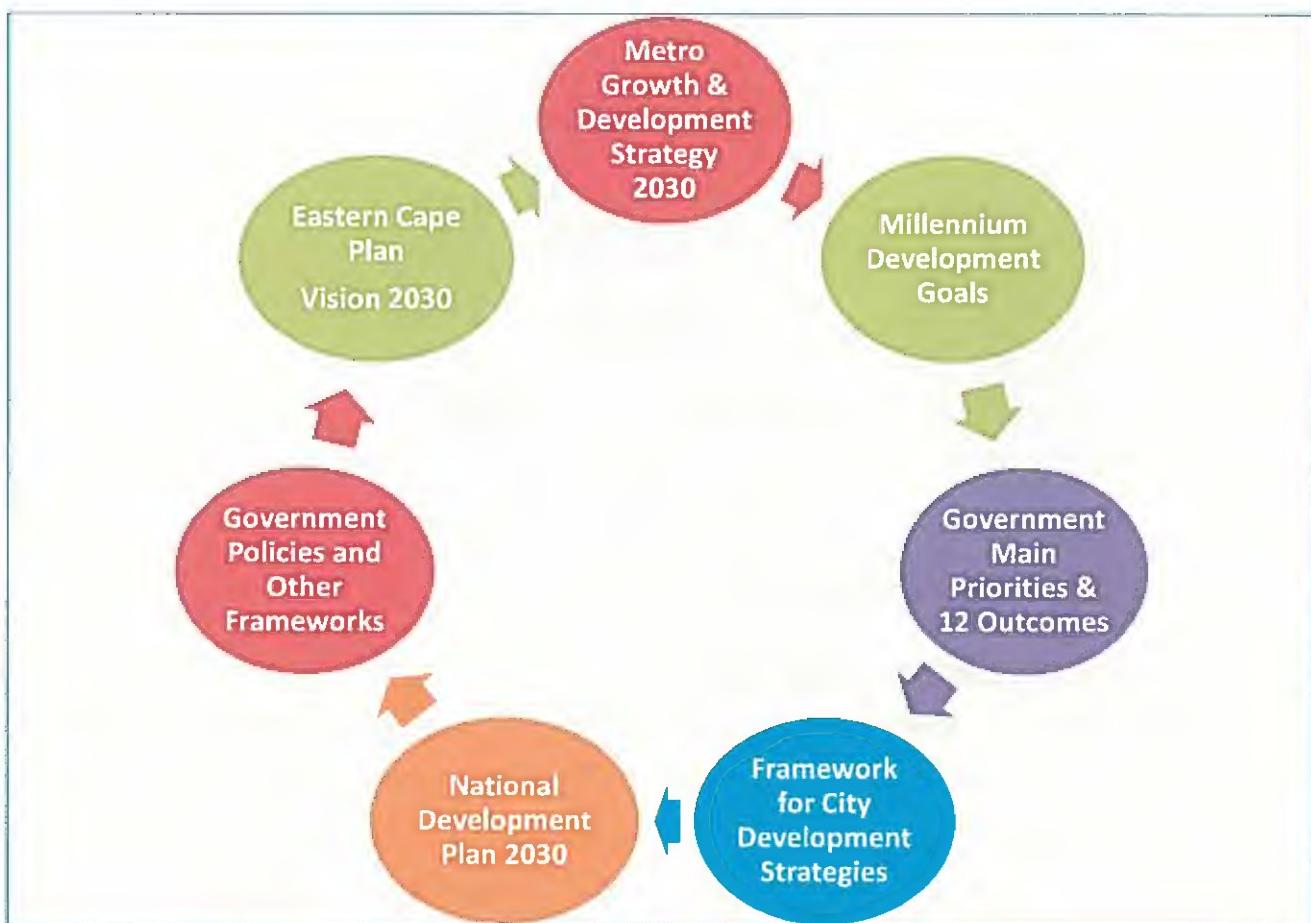


Figure 1: Cycle of Metro Growth and Development Strategy

### 1.3.1.1 Key Objectives of MDGS

- A strategy is a journey towards a common destination;
- Providing a liveable environment for the next generation;
- The Metro need to be competitive and find its **niche** in its region and amongst other secondary cities; and
- The city as a well governed city that is driven by insight and vision; and
- A Metro Growth and Development Strategy is a long term vision and goes beyond the IDP as a metro's 2030 vision.

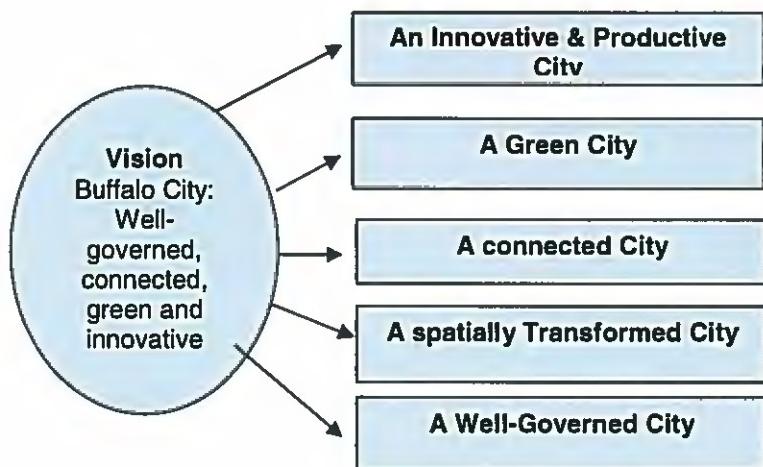


Figure 2: Strategic Framework

### 1.3.2 Scoping the Landscape

BCMM continues to take a more conservative approach in the manner in which it approaches the budgeting including the mid-year adjustment budget. This approach includes giving consideration in the budget to the cost containment measures suggested by National Treasury. These measures are being implemented in an attempt to ensure the future viability of the institution and to focus on reducing the impact on the residents within our boundaries.

Electricity losses remain a challenge, let alone the fact that Electricity Trading Service is the highest contributor to the City's internally generated funds. The City is progressing with the programme of electrifying informal dwellings and has budgeted R30 million over the 2016/17 MTREF period (R10 million per year) towards this programme. Regarding

Water Service, it continues to be of concern that indigent residents continue to utilise water in excess of what is allocated in term of the approved subsidy. This is cause for concern in that water needs to be considered a scarce resource requiring focused demand and supply management. The demand management needs to be focused surrounding penalising individuals for excessive usage through either punitive tariffs or restricting use through engineering techniques. Supply management requires forward planning and allocating budget to meet and undertake infrastructure expansion to meet those demands. The staged tariff is used on water tariff as part of an effort to manage demand. Water losses are still significant and continues to be one of the focus areas for reduction in the MTREF budget whereby an amount of R160m of own funds over the 2016/17 MTREF period has been budgeted for replacement of old infrastructure.

The key liquidity metrics are deemed to be currently adequate however to ensure future viability the institution needs to determine creative ways in which it can commence planning to fund the infrastructure replacement which is expected to occur over the medium to long term. This will require the institution to budget surpluses to allow for adequate funding of historical shortfall of depreciation on existing infrastructure assets as well as the creation of own funded new assets.

In the short term the Urban Settlement Development Grant (USDG) will be used to create new infrastructure in the previously disadvantaged areas and to replace existing infrastructure in those areas where infrastructure is nearing or has exceeded its useful life. This is required to ensure the continued economic growth of the city and to allow for business confidence.

The institution has historically undertaken capital projects with the view of expansion of the City. It is however recognised that capital expansion cannot occur indefinitely without corresponding economic growth else the cost of replacement of infrastructure, through the depreciation impact on operational budgets, will outweigh the affordability of the local economy. It is with this in mind that there needs to be strategic shift of focus towards creating infrastructure with the express purpose of job creation and creating an

environment which is conducive to private sector investment in certain key industry points.

### **1.3.3 The National Development Plan**

The National Development Plan which was adopted at the ANC's 53<sup>rd</sup> National Conference in Mangaung identifies 5 pillars for the economy to grow to a level to which we can create sustainable jobs, these are;

- *Creating an environment for sustainable employment and economic growth;*
- *Promotion of employment in labour-absorbing industries;*
- *Promoting exports and competitiveness; strengthening the capacity of government to implement its economic policy, and*
- *Demonstrating strategic leadership among the stakeholders to mobilise around the national vision.*

These pillars continue to be the cornerstone of the strategy which the country would like to follow into the future. It would therefore appear appropriate to discuss which infrastructure projects are currently in progress. In the context of the National Development Plan, as Buffalo City Metropolitan Municipality, we see our primary task as developing and maintaining our infrastructure in order to ensure that private sectors partners see the potential to keep increasing their investment in our City, while creating more jobs for our residents.

### **1.3.4 Local Economic Development**

The East London IDZ's key mandate is to ensure that we create jobs by attracting foreign direct investment. As a shareholder, we are doing our part to ensure that we create an enabling environment for the IDZ to operate in conditions that allow them to realize their strategic goals by making available 870 hectares of land in the Berlin area for projects that will create job opportunities for our people. There is currently a process underway to renegotiate the incentives which would be applicable to the IDZ over the medium term.

As a metro we are working hard to ensure that we support our auto sector by developing and maintaining our infrastructure in order for this sector to operate

efficiently. We are very keen to maintain our niche in the auto sector by leveraging on the opportunities presented by expansion of MBSA. We trust that this opportunity will lead to creation of new SMMEs on the supply side.

In addition, non-automotive sector is a vital sector for the city and the prosperity of the services sector is dependent upon a strong manufacturing base. Currently the non-automotive sector has experienced challenges which have led to de-industrialisation and job losses. BCMM is determined to play a positive role to assist the non-automotive sector to be a thriving economic role player and major employer. BCMM will also look at implementing incentives for the non-automotive sector as a forced re-investment. Electricity incentives will be the base line for interventions as it the main cost of production to the sector. BCMM is fully determined to play its role in an effort to reindustrialise the City and create sustainable jobs. This interventions will be coupled by institutions of higher learning partnering with the City in conducting research to find new value adding industries.

The Township Economy has been identified as a major development priority. Businesses in the township are marginalised from the mainstream economy. BCMM is fully committed to revive the township economy by focusing on SMME development. The City will partner with the Department of Small Business Development and DTI to turn township from mainly areas of consumption to areas of productivity. This will best be achieved by intervention in the value chain of production to ensure products are produced and sold in the townships, infrastructure development will act as an enable to reviving the township economy

It is recognised that the metro needs to create an environment which is conducive for private business investment. This environment needs to have stability in terms of various transport options as well as quick decision making capabilities.

A potential “game changer” which has occurred in the 2014/15 financial year is the successful completion of a property transaction for the purchase of land called “The

"Sleeper Site" which is situated in the centre of the central business district. This land was purchased from Transnet at a market related value. The institution is currently requesting interested parties to undertake a planning exercise to assess the most appropriate design for the land to assist in the economic growth of the city as well as encouraging development, which will assist in the revitalization of the CBD.

The institution has identified a further 5 specific existing areas which it considers as business development nodes and, as such, areas which it considers as having huge benefits to potential investors. These areas are:

- 1) West Bank
- 2) Wilsonia
- 3) Fort Jackson
- 4) Berlin
- 5) Dimbaza

All these areas have existing infrastructure which, with minimal investment, could yield significant benefits for the local economy and contribute to the GDP of the country. It further needs to be recognised that these are effectively business nodes which could be developed to be closer to areas of labour resulting in reduced travelling costs for the labour force.

The focus needs to be on more permanent job creation, reducing dependence on social grants in the form of indigent subsidies. This will allow individuals to pay for the services they are receiving and allow for the reallocation of funds to other areas of focus.

### **1.3.5 Charting the Way Forward**

The Honourable Minister of Finance's South African budget speech, delivered on the 24 February 2016 clearly depicted an economic picture that is brink. In South Africa the economy is crippled by low economic rate, high unemployment, electricity shortages to mention a few. There is a focus to reduce that national fiscus deficit in the medium term. The call to achieve more for less in the public sector is paramount. Cost containment

measures must continue to reduce consumption spending. Metros must find more innovative ways of funding rather than depending on conditional grants.

National Treasury have recognised the importance of total urban settlement development and, in support thereof, has created the Built Environment Performance Plan (BEPP). This plan is to ensure infrastructure projects are focused on economic corridors to have maximum benefit for the inhabitants of the city.

Although it is recognised that there is an onus on the City to provide social support to its dwellers that are financially challenged, this is not considered the most beneficial for the individuals or the local economy. As such, focus needs to be on the creation of sustainable jobs through encouraging private sector investment in the City. This strategy will identify certain economic zones where there is existing significant capital investment, and offer incentives to business over a period of time to invest in those areas. This will allow individuals who may have been financially challenged to become active members of the local economy.

The institution has undertaken an exercise to analyse the capital infrastructure investment between social and economic investment with a target being placed of 60% economic investment and 40% social investment. Although the institution has not managed to achieve these target levels for all years in the MTREF period, it will continue attempting to achieve these targets going into the future in line with the strategic focus being given in the National Development Framework. It needs to be recognised that there have been a significant number of housing projects which entered their implementation phase resulting in pressure being placed on the MTREF budget.

Funding for the 2016/17 and 2017/18 infrastructure projects have been allocated in an attempt to ensure projects which are currently underway are completed and implemented for the benefits of the community to which they relate. The current capital work in progress continues to be a focus area to ensure the infrastructure assets are completed and brought into use.

The institution has taken a further strategic decision to invest funding to replace existing infrastructure. The investment is to be focused on the urban core which will allow for the upgrading of infrastructure to enable a regeneration of the central business area thereby encouraging private sector investment and job creation. The City is working on improving public transport network for easy accessibility and traffic flow within the CBD. This is a further effort to encourage private sector investment into the urban core.

Currently the City is in a fortunate financial position in that it has a low gearing ratio together with its "A" Long Term Rating (Global Credit Rating) thus allowing the city to obtain additional long term borrowings. A strategic decision has been taken that acquiring borrowings, these funds would be utilized on assets that are expected to generate a return. However, the City continues to be cautious in accessing these borrowing facilities in an effort to ensure that they are kept at ffordable level due to insufficient operating surpluses allowing for capital repayments. Projects need to be assessed in terms of additional revenue that can be generated for the City in order to determine the potential ability of the institution to repay the loan.

MFMA Circular 78, 79 and 82 were taken into consideration in the preparation of the 2016/17 MTREF Budget. The BCMM consolidated budget for the 2016/17 MTREF period is R7.46 billion (2016/17), R8.10 billion (2017/18) and R8.77 billion (2018/19) with the table below summarising the consolidated overview of the 2016/17 MTREF Budget.

**Table 1: Consolidated Overview of the 2016/17 MTREF Budget**

OPERATING AND CAPITAL BUDGET EXPENDITURE	2015/2016 ADOPTED BUDGET YR1	2015/2016 MID-YEAR ADJ BUDGET	2016/2017 ADOPTED BUDGET	2017/2018 ADOPTED BUDGET	2018/2019 ADOPTED BUDGET
Total Operating Revenue	(5 719 607 491)	(5 690 829 800)	(5 906 770 453)	(6 379 358 789)	(6 993 842 508)
Total Operating Expenditure	5 718 685 323	5 689 907 632	5 905 692 358	6 377 690 955	6 991 086 875
Total Capital Expenditure	1 275 354 230	1 390 877 160	1 558 133 958	1 720 822 763	1 777 998 762
Total Opex & Capex Budget	6 994 039 553	7 080 784 792	7 463 826 316	8 098 513 718	8 769 085 637

The City's revenue has increased by 4% whilst the expenditure increase is also 4% from 2015/16 revised budget to the 2016/17 budget. The capital budget has increase by 12% resulting in the overall total budget increase of 5% from the 2015/16 revised budget to the 2016/17 budget. The operating revenue increase is mainly attributable to tariff increase as well as slight growth in revenue base e.g. new connections, supplementary valuation to include new developments and rezoning. The operating expenditure increase is mainly attributable to annual increase that is linked to CPI and additional repairs and maintenance provision to respond to the aging infrastructure. The increase in capital expenditure is in respond to service delivery needs to address backlogs and renew aging infrastructure.

### **1.3.5.1 Revenue & Expenditure Strategy**

The municipality's revenue strategy is built around the following key components:

- Efficient revenue management, which aims to ensure not less than 92% annual collection rate over the medium term for property rates and other key service charges.
- Though conservative approach was used in compiling this budget, based on revenue collection of 92.5%, the institutional set target for revenue collection is 93.5%.
- Achievement of full cost recovery of specific user charges especially in relation to trading services.

- The City is striving to ensure that all its trading services are financially self-sustainable.
- Move from a flat-rate billing system to all consumers billed according to consumption.
- Implementation of an automated billing system as opposed to a manual meter reading process.
- Regular Supplementary Valuations performed. The policy is for a minimum of 2 Supplementary Valuations per year, the City is however implementing monthly Supplementary Valuations.
- The successful implementation of a General Valuation on 1 July 2014 and then every four years thereafter in terms of the Municipal Property Rates Act.
- Creating a conducive environment to attract potential investors.
- Review of the Spatial Development Plan to allow for human capital resources to be closer to economic and job opportunities.

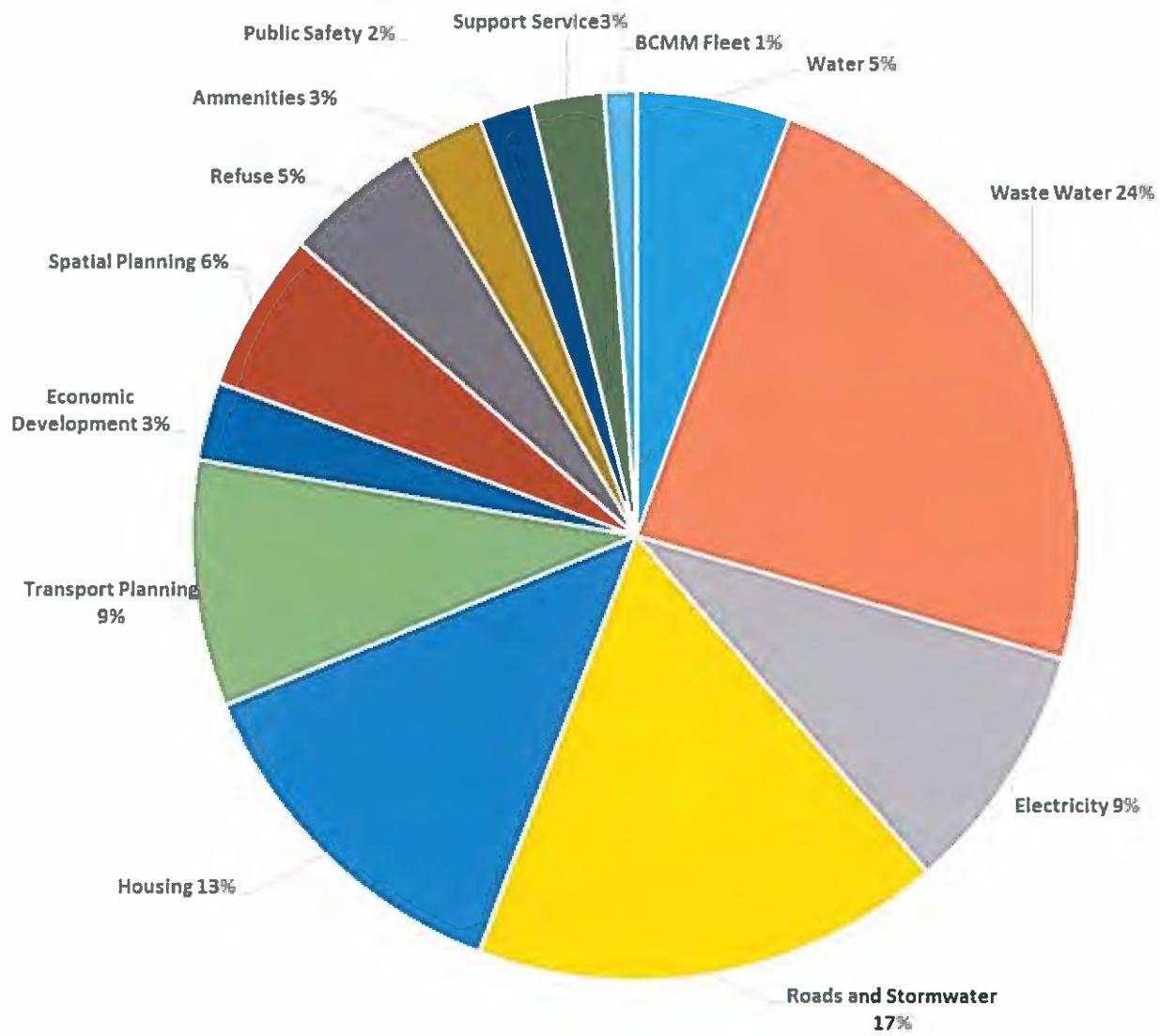
The municipality's expenditure strategy is built around the following key components:

- Ensuring that capital expenditure is incurred in line with the requirements detailed in the Spatial Development Plan to ensure maximum return to the municipality.
- Re-prioritisation of expenditure to ensure any inefficiencies are eliminated in an effort to contain costs, *inter alia*:
  - Freeze the funding and filling of vacant posts that are in the approved Metro's organogram.
  - Budgeted annual increase to Contracted Services and General Expenses has been capped only at 4%.
- Additional funding allocation to the maintenance (Repairs and Maintenance budget has been increase by 11%) as well as renewal of existing infrastructure.
- Funding of own funded operating projects is depressed, encouraging in-house implementation of projects through normal operating budget.

The table below reflects the Capital Budget for services for the 2016/17 MTREF period.

**Table 2: 2016/17 – 2018/19 Capital Budget Per Service**

Services	2016/2017 <u>Adopted</u> Capital Budget	2017/2018 <u>Adopted</u> Capital Budget	2018/2019 <u>Adopted</u> Capital Budget
Water	87 500 000	95 000 000	140 000 000
Waste Water	371 492 022	507 023 769	389 172 252
Electricity	143 000 000	163 000 000	171 000 000
Roads and Storm water	267 178 558	273 829 000	289 457 000
Housing	202 441 082	190 530 454	198 127 200
Transport Planning	139 789 000	161 667 000	247 393 000
Local Economic Development	44 500 000	45 500 000	57 500 000
Spatial Planning and Development	90 501 051	97 783 000	84 525 000
Waste Management / Refuse	78 453 700	55 947 040	91 503 690
Amenities	44 024 644	45 347 000	46 002 100
Public Safety	30 032 401	19 817 400	11 618 520
Support Services	41 221 500	45 378 100	31 700 000
Other - BCM Fleet	18 000 000	20 000 000	20 000 000
<b>TOTAL PER SERVICE</b>	<b>1 558 133 958</b>	<b>1 720 822 763</b>	<b>1 777 998 762</b>



**Figure 3: 2016/17 Capital Budget Per Service**

A major portion of the capital budget in the 2016/17 MTREF period has been allocated to the major infrastructure services (Waste Water: 24%, Roads and Storm Water: 17%). Although these services are not all revenue generating the budget expenditure is in terms of the City's socio-economic development mandate. They are also crucial in unlocking the economic growth of the City. There is however a drive to channel more funding towards economic infrastructure in order to stimulate economic growth in the Metro.



### **1.3.6 Summary of Rates and Service Charge Tariff implications to the 2016/17 MTREF Budget**

**Table 3: Average Tariff increases for 2015/16 to 2018/19**

Description	2015/2016	2016/2017	2017/2018	2018/2019
Rates	9.90%	7.60%	7.20%	7.00%
Refuse	9.50%	7.80%	7.50%	7.20%
Sewerage	9.50%	7.80%	7.50%	7.20%
Electricity	12.20%	7.64%	7.64%	7.64%
Water	11.00%	8.00%	7.89%	7.92%
Fire Levy	9.90%	7.60%	7.20%	7.00%
Sundry Income	9.90%	7.60%	7.20%	7.00%

#### **1.3.6.1 Overall Summary of Year-on-Year Increases**

On average, tariff associated revenue is expected to increase year on year in 2016/17 by approximately 8%. The City strives to project increases that are not above the CPI, the proposed increases are however slightly above CPI due to a combination of increases in input costs associated with providing the service as well as an ongoing attempt to ensure each service produces revenue sufficient to cover the costs of providing the service.

There is an ongoing focus area in the MTREF budget to ensure that work-in-progress which is detailed in the Annual Financial Statements reaches completion stage and is implemented in various areas to improve the perception of service delivery. The impact of this which needs to be considered is that once implemented these projects will require additional operating budget through maintenance budget as well as depreciation funding to allow for the estimated useful life to be achieved and to allow for the replacement of the infrastructure assets in the future.

The ongoing expansion of the City through budget infrastructure spending without the corresponding economic growth is placing additional pressure on the BCMM local consumer to fund the replacement of the assets which is impacting on the operational

budget through the increasing depreciation charge. Furthermore, there is an additional impact on the consumer debt book.

#### **1.3.6.2 Rates**

The Municipality has successfully undertaken a General Valuation exercise in terms of the Municipal Property Rates Act and the new values were implemented from 1 July 2014. An increase on rate tariffs of 7.6% in the 2016/17 financial year (2017/18: 7.2%, 2018/19: 7.0%) has been planned. Monthly supplementary valuations will be undertaken and it is projected that they will yield a revenue of R97 million in the 2016/17 financial year.

#### **1.3.6.3 Electricity**

In terms of the guidelines provided by the National Energy Regulator of South Africa (NERSA), they have published that they expect the cost of bulk electricity purchases to municipality to increase by a budgeted 7.86%. Following due consideration being given to the NERSA guidelines a decision has been made to increase electricity tariffs by 7.64% as recommended by the guideline. There continues to be ongoing concern with electricity in that:

- The diminishing gross profit generated by electricity over the prior financial years is a concern. This is associated with illegal connections and material distribution losses. The City is however working on reducing these losses and the electrification of informal settlement is one of the efforts that is being undertaken.
- The national power shortage is a challenge that is also felt by the City.
- The ongoing high increases in electricity bulk purchases.

The following corrective action is being undertaken to minimize the above concerns:

- An allocation of capital funding amounting to R477 million over the MTREF period (2016/17: R143 million, 2017/18: R163 million and 2018/19: R171 million) has been allocated to the electricity service department for electricity infrastructure investment. This includes the amount of R330 million from own funds specifically for the replacement and refurbishment of existing infrastructure

within the urban core that has been provided in the MTREF (2016/17: R100 million, 2017/18: R110 million and 2018/19: R120 million).

- The City has embarked on a programme to electrify informal dwellings and has budgeted R45 million over the 2016/17 MTREF period. This will reduce the risk of illegal connections.
- The revenue protection unit is in place and it continuously identify and rectify the disconnection and reconnection of illegal electricity connections across the city, amongst its activities.

#### **1.3.6.4 Water**

Water tariffs have been increased by 8% in the 2016/17 financial year. In line with guidance which was received from National Treasury regarding each service delivery being able to generate revenue that is at least equal to the cost of the service, an analysis was undertaken to determine what tariff requirements would be needed to achieve a break even position. The affordability of consumers' needs to further be taken into consideration in order to limit a significant annual impact. This analysis suggests an impact of 8% in 2016/17 financial year, 7.89% in 2017/18 and 7.92% in 2018/19 financial year will reduce the deficit being experienced in water. It needs to further be recognised that the institution purchases untreated water from the Amatola Water Board. The increase associated with this water is 10% adding further pressure on the breakeven analysis for the institution. The tariff increases are necessary to address essential operational requirements, maintenance of existing infrastructure, new infrastructure provision and to ensure the financial sustainability of the service.

There continues to be ongoing concern with water in that:

- Water losses continue to be high. The reason for this is because of aging infrastructure, areas of flat-rated charges, financially challenged consumers using water in excess of that allowed for in the indigent policy.
- An analysis of the Amatola Water Board costs suggest the majority are salary related which the Municipality is funding in duplicate through direct costs of individuals employed by the City and then through the tariff paid by consumers.

This is considered inefficient and the impact on our consumers could be reduced should we be allowed to manage our own water resources. It should further be noted that Buffalo City Metropolitan Municipality is the only Metro that does not manage its own water resources which in itself causes concern from a planning and development perspective.

- The fact that BCMM is having high number of rural areas is having negative impact to the water service as no revenue is generated on water supplied to rural areas.

The following corrective action is being undertaken to minimize the above concerns:

- A total capital budget allocation of R367.5 million has been made over the MTREF period (2016/17: R87.5 million; 2017/18: R95 million and 2018/19: R140 million) to expand our water infrastructure, to augment water treatment capacity and to eradicate backlogs in access to potable water supply.
- This includes the amount of R160 million from own funds specifically for the replacement and refurbishment of existing infrastructure within the Metro that has been allocated over the MTREF.
- As part of the above programme the city will replace standpipes and non-metered areas with new meters. This will reduce the risk of water losses.
- The demand management needs to be focused surrounding penalising individuals for excessive usage through either punitive tariffs or restricting use through engineering techniques.
- Consider managing our own water resources to allow for adequate future supply planning as well as reducing costs by eliminating duplicated functions.

### **1.3.6.5 Sanitation**

The proposed sanitation tariff increase is 7.8% in the 2016/17 financial year; 7.5% and 7.2% in the outer years respectively. There continues to be ongoing concern surrounding the ageing sanitation infrastructure and the impact this has on the operational budget through increasing maintenance costs as well as ensuring the financial sustainability of the service in line with guidance provided by National Treasury.

The impact of the ageing infrastructure is expected to have additional impact on the amount of maintenance expenditure required. It should further be noted that the input costs associated with salaries are expected to increase by 7.6% in line with CPI for the 2016/17 financial year. A total capital budget allocation of R1.2 billion has been allocated to the City's sanitation programme over the MTREF period (2016/17: R372 million; 2017/18: R508 million and 2018/19: R390 million). This include an allocation of capital budget amounting to R311 million from own funds (internally generated) specifically for the replacement and refurbishment of existing infrastructure within the Metro that has been allocated in the MTREF period (2016/17: R105 million, 2017/18: R101 million and 2018/19: R105 million). The City is also in the process of securing a loan facility to fund the Sanitation Tunnel Project that will unlock development in the Amalinda junction, Wilsonia and Reesten areas. An amount of R436 million is budgeted in the MTREF period to fund this project.

It should be noted that the expansion of the city through continued investment in new infrastructure for future demand places additional pressure on the existing customer base in order to allow for the replacement of the infrastructure in the future. It is therefore imperative that expansion needs to be adequately planned to allow for maximum connection of new customers and allow for the reduced impacts on tariffs in the long run.

In summary, the tariff increases are necessary to address essential operational requirements, maintenance of existing infrastructure, new infrastructure provision and to ensure the financial sustainability of the service.



#### **1.3.6.6 Refuse**

The proposed Solid Waste tariff increase is 7.8% in the 2016/17 financial year, 7.5% and 7.2% in the two outer years respectively. The Solid Waste tariffs are levied to recover amongst others costs of services provided directly to customers and include refuse collection fees, disposal fees, weighbridge fees and other ad hoc services. In an attempt to improve the refuse collection service, capital budget allocation of R226 million over the MTREF has been allocated to the solid waste department to improve waste management and refuse collection (2016/17: R78 million; 2017/18: R56 million and 2018/19: R92 million). The above include own funding of R77 million that has been allocated over the MTREF period for the Refurbishment of Existing Waste Cells and Construction of additional new ones in an effort to improve environmental compliance and waste management in the City's Landfill sites.

#### **1.3.7 Summary of Financial Position, Medium Term Revenue and Expenditure Strategy**

##### **1.3.7.1 Cash & Cash Equivalents**

BCMM is also projecting a favourable cash position, which currently projected to be R2.4 billion at 30 June 2017 and is projected to be R2.65 billion at 30 June 2018 (2019: R2.9 billion).

##### **1.3.7.2 Cost Coverage**

The projected cost coverage, including conditional grants is projected to be 7.4 months at 30 June 2017 and is projected to remain around 7 months over the MTREF period. BCMM maintains a cost coverage of at least 3 months.

##### **1.3.7.3 Debt Impairment**

Debt Impairment is currently budgeted at 7.5% of the projected billable revenue over the medium term and amounts to R304 million in 2016/17 and growing to R327 million in 2017/18 and R351 million in 2018/19 financial year. This is based on the average projected collection rate of 92.5% to year end.

#### **1.3.7.4 Borrowings**

In the 2016/17 MTREF budget, it is projected that the Sanitation Tunnel project will be funded from borrowings amounting R436 million (2016/17: R70 million; 2017/18: R189 million and 2018/19: R177 million). The institution continues its focus on improving the financing mix of the capital investment programme. In this regard an in depth analysis is being undertaken to determine what kind of project can be funded through borrowings what would be the Return on Investment. The National Treasury Guidance Norms for Capital Cost (Interest Paid and Redemption) as a percentage of total operating expenditure which is between 6 to 8% and the norm for Debt (Total Borrowings) as a percentage of revenue is 45% is not to be surpassed. The City is considering additional projects that would contribute towards increasing its revenue base which it can fund through borrowings.

#### **1.3.7.5 Asset Management**

The institution has assessed its infrastructure asset categories and has noted with concern a continuing trend suggesting an infrastructure asset base showing a declining remaining useful life. This is particularly concerning in relation to the wastewater network which suggests that only about 8 years remain of the useful life. The institution therefore needs to focus the resources into replacing existing infrastructure in order to increase the average remaining useful life of asset categories and, in so doing, improve efficiencies in the system. It is by taking this strategy into consideration that additional resources will be focused on replacing infrastructure in areas by applying a focused approach. This approach focuses funding into areas that have an economic benefit for the city or in areas that have the oldest infrastructure assets in most need of replacement. This approach is expected to yield benefits through reduced water and electricity losses. Funding will be allocated based on submitted and approved business plans.

#### **1.3.7.6 Built Environment Performance Plan (BEPP)**

The Buffalo City Metropolitan Municipality's Built Environment Performance Plan 2016/2017 (BEPP), is submitted in accordance of the Division of Revenue Act (DoRA) requirements in respect of the various grants related to the built environment and secondly in partial fulfilment of the requirements of the Integrated City Development Grant (ICDG). The Buffalo City Built Environment Performance Plan (BEPP) is a brief, strategic overview of the built environment aimed at improving the performance of metropolitan built environment. It is a city-level plan formulated and approved by the metro, and it complements existing statutory plans and compliance with legal requirements.

The core objective of the BEPP is that it provides (i) a strategic overview of the built environment; (ii) programmes and targets with an outcomes focus; (iii) basis for infrastructure grant submissions and grant alignment. The BEPP indicates how a metro will apply its capital financing, including grant resources and all other sources of finance, fiscal and regulatory instruments and incentives and what it intends to achieve with these resources and instruments in respect of the local, provincial and national priorities of improving the performance of our built environments and transforming the spatial urban form. (Refer to Annexure M)

#### **1.3.8 BCMM's Priorities and Linkages to the IDP**

Community consultation on the draft IDP 2016-2021 and MTREF Budget took place from 14 April to 16 May 2016. All BCMM 50 wards were visited during the public consultation process, the municipality reported progress towards the implantation of community key priorities and planned projects for the next planning period.

During the last Executive Mayoral Imbizo which was held on 22, 25 October and 1 November 2015, BCMM's wards identified the following priority issues:

#### **Community Priorities:**

- Housing;

- Roads and Stormwater Drainage;
- Refuse Collection;
- Water and Sanitation;
- Electricity;
- Cemeteries;
- Sportsfields; and
- Community Halls (Inland).

The Executive Mayoral Lekgotla held from the 16 – 18 October 2014 emphasized key priorities of the BCM Metro as follows:

- Improving interactions with the communities through regular Mayoral Imbizo's & Visits to Wards
- Proactively engaging mass media through press briefings at given intervals
- Improving the distribution of own newsletter to communicate our own good stories
- Setting Service Standards & Levels - championing the development of a Service Delivery Charter to communicate what our citizens can expect from us.
- Ensure that there are by-Laws that could be enforced on the display of advertisements in the CBD.
- Explore removing of informal traders from the CBD and establishment of free market squares/places in both East London & King William's Town
- Enforcing By-Laws in respect of illegal dumping
- Use of Containers in places used for illegal dumping
- Establishment of transfer stations/mobile transfer stations
- Explore alternatives for Refuse Collection (incl. use of Cooperatives\_
- Fixing of leaking pipes, particularly in informal settlements
- Bush-clearing in all wards (particularly in crime hotspots)
- Cleaning of Cemeteries
- Auditing & developing clear milestones of the Programme for the Fixing of Potholes

- Dealing with problems of storm water drainage systems in urban centres (prioritising areas that prove to be at the level of crisis)
- Dealing with Illegal Electricity Connections
- Management of Petitions
- Deal with Bottlenecks in Supply Chain Management processes
- Allocate a specified percentage for houses to be provided to the destitute at the discretion of the Executive Mayor

#### **1.3.8.1 Key Amendments to the IDP**

Development of 2016-2021 Integrated Development Plan took into consideration the recently adopted Metro Growth and Development Strategy and major amendments have been effected in terms of vision and mission statement, values and strategic outcomes to ensure that implementation of the MGDS is done through the IDP.

#### **1.3.8.2 Key amendments to the budget related policies**

No amendments were made to the following existing BCMM budget-related policies on this financial year's annual review.

- Capital Infrastructure Investment Policy
- Funding and Reserves Policy
- Policy on Long-Term Financial Planning
- Credit Control Policy
- Indigent Policy
- Investment and Cash Management Policy
- Asset Management Policy

The following policies have been reviewed and amended accordingly:

- Tariff Policy
- Budget Implementation & Management Policy (Budget Virement Policy)
- Budget Policy
- Long-Term Borrowing Policy

### **1.3.8.3 Municipal Entity**

The parent municipality Buffalo City Metropolitan Municipality has constituted the board members for Buffalo City Metro Development Agency (BCMDA). The board is currently recruiting staff for the running of the agency. The Project Manager has been appointed and commenced work on 01 August 2015. The Chief Executive Officer and temporary Office Administrator have been appointed and commenced work on 01 November 2015 and 01 December 2015 respectively. Furthermore, a Chief Financial Officer has been appointed and resumed work in April 2016. In addition, five positions i.e. Executive Manager: Corporate Services; Executive Manager: Development Facilitation; Manager: Risk & Internal Audit; Company Secretary & Legal Services Manager as well as an Executive Personal Assistant have been advertised and interviews have taken place on 9 May 2016. It is anticipated that the final appointments will be made by the board of directors (where applicable) by the end of May. Therefore the anticipated start date for all these positions is June and July 2016.

#### **1.4 OPERATING REVENUE FRAMEWORK**

For BCMM to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that the City is faced with development backlogs and increasing rate of unemployment. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues to be collected. The City had to also join the national call of cost containment measures in an effort to achieve operational efficiency and avoid budget deficit. As part of cost containment measure:

- The City is doing away with its norm of annual budgeting to fund critical unfunded post.
- Contracted Services and General Expenses increase is capped at 4% which is 2.6% below the projected CPI for 2016/17 financial year.

The following table is a summary of the 2016/17 MTREF (classified by main revenue source):

**Table 4: Summary revenue classified by revenue source**

R thousand	Description	Ref	2012/13		2013/14		2014/15		Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework	
			Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19		
<b>Revenue By Source</b>													
Property rates	2	580 100	672 957	794 519	902 842	952 842	952 842	952 842	1 122 920	1 203 770	1 288 034		
Property rates - penalties & collection charges					1 465 814	1 658 671	1 758 671	1 758 671	571	571			
Service charges - electricity revenue	2	1 266 660	1 383 884	1 465 814	1 658 671	1 758 671	1 758 671	1 758 671	571	571	1 953 942	2 103 223	
Service charges - water revenue	2	271 026	325 360	394 282	411 381	411 381	411 381	411 381	411 381	411 381	444 291	479 346	517 310
Service charges - sanitation revenue	2	223 023	248 673	278 832	314 571	314 571	314 571	314 571	314 571	314 571	339 107	364 540	390 787
Service charges - refuse revenue	2	198 898	228 895	261 807	286 063	286 063	286 063	286 063	286 063	286 063	308 375	331 504	355 372
Service charges - other	5 452	12 149	24 018	16 056	20 056	20 056	20 056	20 056	20 056	20 056	21 580	23 134	24 753
Rental of facilities and equipment	15 485	15 018	17 430	18 629	18 629	18 629	18 629	18 629	18 629	18 629	20 045	21 488	22 993
Interest earned - external investments	83 980	96 477	124 166	133 620	133 620	133 620	133 620	133 620	133 620	133 620	143 775	152 689	161 698
Interest earned - outstanding debtors	22 204	27 178	34 999	32 175	32 175	32 175	32 175	32 175	32 175	32 175	34 651	37 257	40 021
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	5 979	7 572	5 500	10 293	7 793	7 793	7 793	7 793	7 793	7 793	8 385	8 989	9 618
Licences and permits	15 299	14 161	14 034	22 472	12 972	12 972	12 972	12 972	12 972	12 972	13 958	14 963	16 011
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational	723 457	812 167	948 239	1 249 333	1 078 556	1 078 556	1 078 556	1 078 556	1 078 556	1 078 556	1 319 728	1 450 381	1 703 052
Other revenue	2	517 726	642 030	586 595	662 931	662 931	662 931	662 931	662 931	662 931	314 698	337 356	360 971
Gains on disposal of PPE			12 084										
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>3 929 291</b>	<b>4 498 602</b>	<b>4 950 235</b>	<b>5 719 607</b>	<b>5 690 830</b>	<b>5 690 830</b>	<b>5 690 830</b>	<b>5 690 830</b>	<b>5 690 830</b>	<b>5 690 830</b>	<b>5 906 770</b>	<b>6 379 359</b>	<b>6 993 843</b>

The following graph gives a breakdown of the main revenue categories for the 2016/17 financial year:

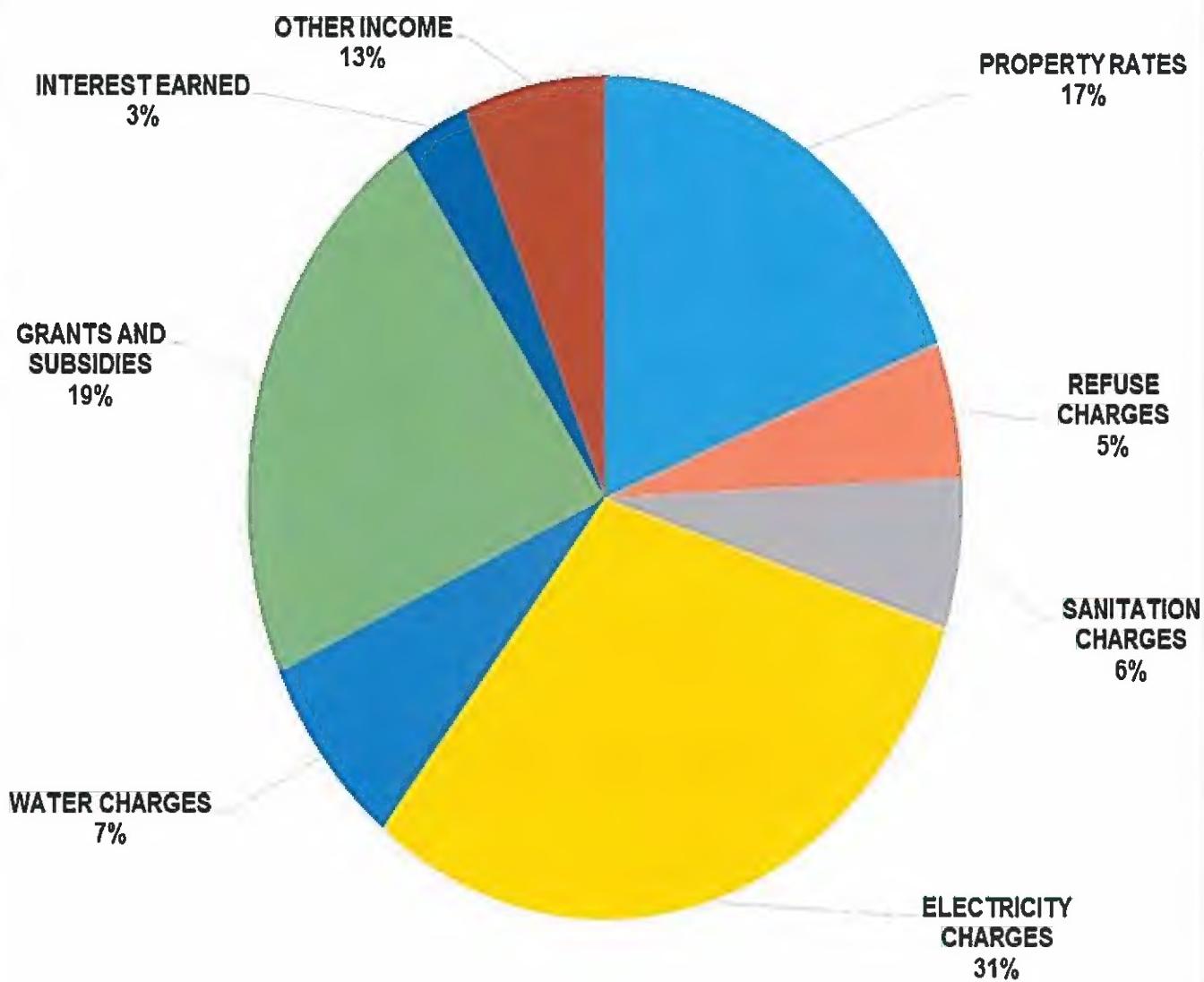


Figure 4: Main Operating Revenue categories for the 2016/17 financial year

The following table is a summary of the 2016/17 MTREF percentage growth in revenue by main revenue source:

**Table 5: Table A4 %age growth in revenue by main revenue source**

	2014/2015 AUDITED FIGURES	2015/2016 ADOPTED MID-YEAR BUDGET	2015/2016 ADOPTED MID-YEAR BUDGET	2016/2017 ADOPTED BUDGET	2016/2017 %.AGE INCREASE	2017/2018 ADOPTED BUDGET	2017/2018 %.AGE INCREASE	2018/2019 ADOPTED BUDGET	2018/2019 %.AGE INCREASE
<b>Revenue Per Source</b>									
Property Rates	<b>794 518 845</b>	903 413 150	953 413 150	1 122 920 106	11%	1 203 770 354	7%	1 288 034 279	7%
Electricity Charges	<b>1 465 814 133</b>	1 658 671 213	1 758 671 213	1 815 256 137	8%	1 953 941 706	8%	2 103 222 852	8%
Water Charges	<b>394 281 598</b>	411 380 727	411 380 727	444 291 186	8%	479 345 760	8%	517 309 944	8%
Sanitation Charges	<b>278 831 681</b>	314 570 625	314 570 625	339 107 134	8%	364 540 169	8%	390 787 061	7%
Refuse Charges	<b>261 806 838</b>	286 062 521	286 062 521	308 375 397	8%	331 503 552	8%	355 371 808	7%
Other Service Charges	<b>24 018 406</b>	16 055 935	20 055 935	21 580 186	8%	23 133 959	7%	24 753 336	7%
Rental of facilities and equipment	<b>17 430 173</b>	18 629 262	18 629 262	20 045 086	8%	21 488 332	7%	22 992 515	7%
Interest earned - external investments	<b>124 166 422</b>	133 619 907	133 619 907	143 775 020	8%	152 689 071	6%	161 697 726	6%
Interest earned - outstanding debtors	<b>34 998 995</b>	32 174 551	32 174 551	34 650 686	8%	37 256 677	8%	40 021 217	7%
Fines	<b>5 499 645</b>	10 293 009	7 793 009	8 385 278	8%	8 989 018	7%	9 618 249	7%
Licences and permits	<b>14 034 279</b>	22 472 368	12 972 368	13 958 268	8%	14 963 263	7%	16 010 692	7%
Transfers recognised - operational	<b>948 238 761</b>	1 249 333 299	1 078 555 608	1 319 728 331	22%	1 450 381 060	10%	1 703 052 050	18%
Other revenue	<b>586 515 062</b>	662 930 923	662 930 923	314 697 638	-53%	337 355 867	7%	360 970 778	7%
<b>Total Revenue Excluding Capital Transfers</b>	<b>4 950 154 840</b>	<b>5 719 607 491</b>	<b>5 690 829 800</b>	<b>5 906 770 453</b>	<b>100%</b>	<b>6 379 358 789</b>	<b>100%</b>	<b>6 993 842 508</b>	<b>100%</b>
<b>Total Revenue from Rates and Service Charges</b>	<b>3 219 271 502</b>	<b>3 590 154 171</b>	<b>3 744 154 171</b>	<b>4 051 530 146</b>	<b>69%</b>	<b>4 356 235 500</b>	<b>68%</b>	<b>4 679 479 280</b>	<b>67%</b>

In 2016/17 the City's own revenue generated property rates and service charges is 69% of the total revenue totalling to R4.1 billion and decrease slightly to 68% which is R4.4 billion in 2017/18 and further slightly decrease to 67% which is R4.7 billion in the 2018/19 financial year. This is mainly attributed to the electricity service contribution to the total revenue mix (inclusive of conditional and unconditional grants) which is 31% in the 2016/17 financial year.

Electricity revenue is increasing from R1.76 billion to R1.82 billion in 2016/17, it further increase to R1.95 billion and R2.10 billion respectively in two outer years of the 2016/17 MTREF period. Property rates are the second largest own revenue source with 17% contribution over the 2016/17 financial year.

The table below reflect Operating Transfers and Grants that the municipality will be receiving in the MTREF period.

**Table 6: Table SA18 - Operating Transfers and Grant Receipts**

R thousand	Description	Current Year 2015/16						2016/17 Medium Term Revenue & Expenditure Framework		
		2012/13		2013/14		2014/15		Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
		Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast		
<b>RECEIPTS:</b>										
	<b>Operating Transfers and Grants</b>									
	<b>National Government:</b>									
	Local Government Equitable Share	657 974	705 873	697 778	714 196	1 147 183	1 147 183	1 177 431	1 236 281	1 388 682
	Urban Settlement Development Grant	650 616	653 650	654 723	655 141	655 141	655 141	678 197	703 602	760 226
	Finance Management	-	43 508	34 265	33 348	95 994	95 994	75 445	63 226	104 400
	EPWP Incentive	1 500	1 300	1 500	1 300	1 160	1 160	1 200	1 200	900
	Infrastructure Skills Development Grant	1 484	2 705	1 690	1 149	1 149	1 149	-	-	-
	Water Services Operating Subsidy	3 000	5 700	5 400	8 400	8 400	8 400	8 900	10 900	11 900
	Integrated City Development Grant	1 374	-	-	-	5 605	5 605	-	-	-
	Municipal Human Settlement Capacity Grant	-	-	-	-	9 253	9 253	-	-	-
	Department of Public Works	-	-	-	-	-	-	2 470	-	-
	General Fuel Levy	-	-	-	-	370 461	370 461	410 031	457 353	512 256
	<b>Provincial Government:</b>									
	Roads Subsidy - Provincial Roads	5 831	103 141	106 798	531 687	298 252	298 252	138 802	211 100	313 370
	Dept of Economic Development, Environmental Affairs and Tourism (DEDEAT)	-	-	-	1 871	1 871	1 871	-	-	-
	Dept of Economic Development, Environmental Affairs and Tourism (DEDEAT)	-	-	-	-	2 500	2 500	-	-	-
	Department of Water Affairs	5 831	2 627	-	-	-	-	-	-	-
	Local Government & Traditional Affairs	-	-	-	2 000	3 770	3 770	-	-	-
	Health Subsidy - ATIC	-	-	-	2 522	2 522	2 522	-	-	-
	DSRAC - Library Subsidy	-	7 216	-	3 638	3 638	3 638	-	-	-
	Reclaim Land Claims Commission(RLCC)	-	-	-	-	31	31	15 000	15 000	15 870
	Dept Sport, Recreation, Arts and Culture (DSRAC)	-	-	-	-	766	766	-	-	-
	Dept of Land Affairs	-	93 238	106 798	521 656	283 154	283 154	123 802	196 100	297 500
	Human Settlement Development Grant	-	-	-	-	-	-	-	-	-
	Human Settlement Development Grant - MPCC	-	-	-	-	-	-	-	-	-
	<b>District Municipality:</b>									
	Health Subsidy - Environmental Health	-	1 288	-	-	-	-	-	-	-
	-	1 288	-	-	-	-	-	-	-	-
	<b>Other grant providers:</b>									
	SETA - Skills Development	3 656	4 186	2 727	3 328	3 120	3 120	3 496	3 000	-
	Donor Funding - Leiden & Golve	3 419	3 130	2 264	2 989	2 989	2 989	-	-	-
	Salaidha	50	345	464	-	-	-	-	-	-
	Transnet	-	-	-	-	-	-	3 000	3 000	-
	Department of Land Affairs	188	-	-	-	131	131	-	-	-
	Trust Funds	-	710	-	-	340	-	-	-	-
	Umzobonvu Youth Fund	-	-	-	-	-	-	496	-	-
	BCMFET Funding	-	-	-	-	-	-	-	-	-
	Donor Funding - European Commission	-	-	-	-	-	-	-	-	-
	City of Oldenburg	-	-	-	-	-	-	-	-	-
	Vuna Awards	-	-	-	-	-	-	-	-	-
	<b>Total Operating Transfers and Grants</b>	667 461	815 458	807 303	1 249 211	1 448 554	1 448 554	1 319 728	1 450 381	1 703 052

**Table SA18 - Operating Transfers and Grant Receipts (Continued)**

R thousand	Description	Current Year 2015/16					2016/17 Medium Term Revenue & Expenditure Framework					
		2012/13		2013/14		2014/15	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
		Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
<b>RECEIPTS:</b>												
	<b>Capital Transfers and Grants</b>											
	<b>National Government:</b>											
	Urban Settlement Development Grant	542 474	619 676	664 712	742 884	702 762	702 762	741 969	842 151	969 510		
	Infrastructure Skills Development Grant	499 474	569 797	639 025	679 784	659 542	656 054	710 976	708 935			
	Energy Efficiency and Demand Management	-	100	100	100	100	100	100	100	100		
	Public Transport Network Grant	10 000	4 579	-	13 000	13 000	-	-	5 000	3 000		
	Neighbourhood Development Partnership	3 000	20 000	-	5 000	20 000	-	-	35 289	60 167		
	Integrated National Electrification Programme	-	-	25 000	20 587	30 000	30 000	30 000	24 979	49 525		
	Finance Management	30 000	-	200	-	-	120	120	30 000	30 000		
	Integrated City Development Grant	-	-	-	-	-	-	6 080	10 829	11 457		
	<b>Provincial Government:</b>											
	Human Settlement Development Grant	20 880	29 025	-	107 469	86 850	86 850	106 300	50 635	-		
	Human Settlement Development Grant - MPCC	-	-	-	94 400	69 800	69 800	106 300	50 635	-		
	Dept Sport, Recreation, Arts and Culture (DSRAC)	-	-	-	13 069	-	-	-	-	-		
	Dept of Local Government and Traditional Affairs	-	-	-	-	8 014	8 014	-	-	-		
	Dept of Economic Development, Environmental Affairs and Tourism (DEDEAT)	-	-	-	-	9 036	9 036	-	-	-		
						-	-	-	-	-		
	<b>District Municipality:</b>											
	Health Subsidy - Environmental Health											
	<b>Other grant providers:</b>											
	Public Funding	272	340	-	-	459	459	-	-	-		
	European Commission	272	340	-	-	-	-	-	-	-		
	BCMET Funding	-	-	-	-	-	-	-	-	-		
	Lieden	-	-	-	-	459	459	-	-	-		
	<b>Total Capital Transfers and Grants</b>	563 626	649 041	664 712	850 353	790 071	790 071	848 269	892 786	969 510		
	<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	1 231 087	1 464 529	1 472 015	2 099 564	2 238 626	2 238 626	2 167 997	2 343 167	2 672 582		

#### **1.4.1 Property Rates and Service Charges and Impact of Tariff Increases**

The proposed revisions to the tariffs have been formulated in accordance with the BCMM's policies and comply with Section 74 of the Municipal Systems Act as well as the recommendations of the National Energy Regulator of South Africa (NERSA).

In terms of section 75A of the Local Government Municipal Systems Act, any fees, charges or tariffs which a municipality may wish to levy and recover in respect of any function or service of the municipality, must be approved by a resolution passed by the municipal council with a supporting vote of a majority of its members.

##### **1.4.1.1 Property Rates**

Property rates are a major source of revenue income for the City and contribute to cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the BCMM's budgeting process.

National Treasury's MFMA Circular No. 51 deals, *inter alia* with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the differential rate ratio for public service infrastructure, public benefit organisation and agricultural properties relative to residential properties to be 0.25:1. The implementation of these regulations was effected in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rateable value (Section 17(h) of the MPRA).
- 100% rebate will be granted to registered indigents in terms of the municipality's Indigent Policy where the value of the indigent property is to a maximum of R150,000 as determined for a RDP house;
- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 40% will be granted to owners of rate-able property if the total gross

income of the applicant and/or his/her spouse, if any, does not exceed R5000 per month. In this regard the following stipulations are relevant:

- The rateable property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;
  - The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
  - The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
  - The property must be categorized as residential.
- The Municipality may award a 100% grant-in-aid on the assessment rates of rateable properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

The categories of rateable properties for purposes of levying rates and the proposed rates for the 2016/17 financial year based on a 7.6% percent tariff increase from 1 July 2016 is contained below:

**Table 7: Comparison of proposed rates to be levied for the 2016/17 financial year**

	Existing tariff	New tariff
	(from 1 July 2015)	(from 1 July 2016)
	C	C
Residential properties (incl. farms & small holdings used for residential purposes)	0,009039	0,009726
Agricultural (used for Bona-fide farming)	0,002260	0,002431
Public Service Infrastructure	0,002260	0,002431
Business, Commercial & Industrial properties (incl. farms used for Game- / Eco Tourism)	0,022597	0,024315
Educational Institutions	0,006327	0,006808
Municipal Owned properties (Rateable, used for residential purposes)	0,009039	0,009726
Municipal Owned (Rateable, used for non-residential purposes)	0,022597	0,024315
Municipal Owned (Non-rateable)	0,000000	0,000000
Mining / Quarry	0,022597	0,024315
Government properties (incl. Correctional Services Facilities, Office buildings & Hospitals)	0,022597	0,024315
Vacant land	0,027117	0,029178
Religious sites or Places of Worship	0,000000	0,000000
Special properties (e.g. Museums, Libraries)	0,000000	0,000000
Public Benefit Organisations	0,002260	0,002431
Rural Communal properties	0,000000	0,000000

The Municipality has successfully undertaken a General Valuation exercise in terms of the Municipal Property Rates Act and the new values were implemented from 1 July 2014. An increase on rate tariffs of 7.6% in the 2016/17 financial year (2016/17: 7.2%, 2017/18: 7.0%) has been planned. Monthly supplementary valuations will be undertaken and it is projected that they will yield a revenue of R97 million in the 2016/17 financial year.

#### **1.4.1.2 Sale of Water and Impact of Tariff Increases**

The water tariff structure of the 2016/17 financial year has not been changed. The tariff structure is designed to charge higher levels of consumption a higher rate, steadily increasing to a rate of R31.2980 per kilolitre for consumption in excess of 30kL per 30 day period.

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. The drought that is currently experienced by the country is negatively affecting the cost of providing water service. National Treasury has always been encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are fully cost reflective by 2014. Although the institution is attempting to comply with this request, the annual impact on consumers in terms of affordability needs to be considered.

The institution is currently concerned about the high level of water losses which have been historically incurred. The City is implementing the following projects to reduce water losses:

- Meter replacement and pipe replacement programme are implemented to reduce water losses that are due to ageing infrastructure, which frequently bursts.
- Installation of bulk water meters on communal standpipes, ablution blocks, reservoir supply zone, flat rated areas to account for all the water that is provided free of charge, non-metering of this water is often construed as physical water losses.

- Installation of pressure reducing valves helps to reduce the number of pipe bursts and the volume of water lost when there is a break down
- Installation of data loggers is used for monitor night flows, which is an indicator of water leaks in a particular supply zone.
- Water loss awareness campaigns is done in order to educate communities about water saving and helps to reduce vandalism of water infrastructure.

An amount of R40 million has been allocated annually within the MTREF budget to cater for this plan. It is envisaged that this will reduce the water losses being incurred to a level which is comparable to the peers of the institution. Better maintenance of infrastructure, new dam construction and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability.

Amatola Water has proposed to increase its bulk water tariffs by 10% from 1 July 2016. There is some concern surrounding the determination of this tariff as a large portion relates to employee costs which, it could be argued, the Municipality is already incurring through the individuals we have working directly. A tariff increase of 8% from 1 July 2016 for water is proposed. This is based on input cost assumptions of 10% increase in the cost of bulk water (Amatola Water), and the service progressing to becoming self-sufficient with at least a break-even position. In addition 6 kℓ water per 30-day period will again be granted free of charge to all indigent residents. There is also water service that is provided to rural areas which are not billed for water consumption.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

**Table 8: Water Tariffs**

CATEGORY	CURRENT TARIFFS 2015/16	NEW TARIFFS 2016/17
	Rand per kℓ	Rand per kℓ
<b>RESIDENTIAL</b>		
(i) 0 to 6 kℓ per 30-day period (Indigent)	0,0000	0,0000
(ii) 0 to 6 kℓ per 30-day period (Non-Indigent)	12,5796	13,5860
(iii) 7 to 10 kℓ per 30-day period	12,8263	13,8524
(iv) 11 to 20 kℓ per 30-day period	17,8141	19,2392
(v) 21 to 30 kℓ per 30-day period	23,0923	24,9397
(vi) More than 30 kℓ per 30-day period:	28,9796	31,2980
<b>NON-RESIDENTIAL</b>		
(i) From the 1 <sup>st</sup> kℓ per 30-day period	17,6377	19,0487

The following table shows the impact of the proposed increases in water tariffs on the water charges for a single dwelling-house:

**Table 9: Comparison between current water charges and increases (Domestic)**

Monthly Consumption kℓ	Current amount Payable R	New amount payable R	Difference (Increase) R	% change
10	126,78	136,93	10,14	8,00%
20	304,92	329,32	24,39	8,00%
30	535,85	578,72	42,87	8,00%
50	1 115,44	1 204,67	89,24	8,00%
75	1 839,93	1 987,12	147,19	8,00%
100	2 564,42	2 769,57	205,15	8,00%

#### **1.4.1.3 Sale of Electricity and Impact of Tariff Increases**

For purposes of the MTREF Budget, the electricity tariff structure has been left unchanged. The City is however still in the process of investigating the inclined block tariffs. The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the City. Most of the suburbs and inner city reticulation network was designed or strengthened in the early 1980's with an expected 20-25 year life-expectancy. The upgrading of the City's electricity network has therefore become a strategic priority, especially the substations and transmission lines.

On 07 March 2016 NERSA issued a guideline to all municipalities detailing the expected increase of bulk purchases and proposed tariff increase that the municipalities must apply which is to be effective from 1 July 2016 and.

The expected increase as communicated in the guidance is 7.86% for bulk purchases. It is envisaged that the municipality will increase its tariff by 7.64% across all categories in order to recover the increased bulk purchase cost as well as capital infrastructure costs for the electrification of informal settlements. It should be noted that given the magnitude of the tariff increases in the recent past, it is expected that the depressed growth in electricity consumption, which is having a negative impact on the municipality's revenue from electricity, will continue for the foreseeable future.

Registered indigents will again be subsidized for the first 50 kWh per 30-day period free of charge, while the discounted Life-Line tariff for the second 50 kWh per 30-day period is available to all registered indigents and pensioners.

The approved budget for the Electricity Division can only be utilised for certain committed upgrade projects and to strengthen critical infrastructure (e.g. substations without back-up supply).

An allocation of R477 million over the MTREF period has been made to the electricity trading service. This includes an amount of R130 million that is allocated over the MTREF period electrification programme. Within the electrification programme, an

amount of R30 million over the MTREF period (R10 million per year) is allocated for electrification of informal settlements. As part of the 2016/17 medium-term capital programme, own funding has been allocated to electricity infrastructure to the tune of R330 million over the MTREF period. This funding level is budgeted within the MTREF period with the express purposes of upgrading existing infrastructure assets with the goal of maintaining consistent supply that is within the control of the Municipality.

**Table 10: Comparison between current electricity charges and increases (Domestic)**

Monthly Consumption	Current amount Payable	New amount payable	Difference (Increase)	% change
kWh	R	R	R	
100	178,11	191,72	13,61	7,64%
250	445,28	479,30	34,02	7,64%
500	890,56	958,60	68,04	7,64%
750	1 335,84	1 437,90	102,06	7,64%
1 000	1 781,12	1 917,20	136,08	7,64%
2 000	3 562,25	3 834,41	272,16	7,64%

#### **1.4.1.4 Sanitation and Impact of Tariff Increases**

A tariff increase of 7.8 % for sanitation from 1 July 2016 is proposed. Currently sanitation charges are calculated according to the relative size of the erf on which the property is located. It is envisaged that future sanitation charges will be based on a percentage of water consumption, but first the large volumes of water losses will have to be brought under control.

The following table shows the impact of the proposed increases in annual tariffs on the sanitation charges for a single dwelling residence:

**Table 11: Comparison between current sanitation charges and increases, single dwelling- residence (per annum)**

Category	Current amount Payable	New amount payable	Difference (Increase)	%
				Change
				R
Erf : 0 – 300m <sup>2</sup>	837,00	902,00	65,00	7,8%
Erf : 301 – 400m <sup>2</sup>	1 329,00	1 433,00	104,00	7,8%
Flat : Complex	2 107,00	2 271,00	164,00	7,8%
Flat : Ordinary	2 327,00	2 509,00	182,00	7,8%
Flat : Semi	2 327,00	2 509,00	182,00	7,8%
Cluster/Town Houses	2 880,00	3 105,00	225,00	7,8%
Erf : 401 – 800m <sup>2</sup>	3 460,00	3 730,00	270,00	7,8%
Erf : 801 – 1200m <sup>2</sup>	3 735,00	4 026,00	291,00	7,8%
Erf : > 1200m <sup>2</sup>	4 070,00	4 387,00	317,00	7,8%

#### **1.4.1.5 Refuse Removal and Impact of Tariff Increases**

It is widely accepted that the rendering of this service should at least break even, which continues to prove difficult to achieve considering affordability for the consumers. The City needs to implement the solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. Efficiencies of staff performing the function continue to be a contributing factor as there is an increase in the cost of remuneration however this does not appear to be converting to refuse collection efficiencies. The on-going increase on repairs and maintenance for refuse trucks and increases in general expenditure such as fuel and hired plant. There will be more added focus by management over the MTREF period in an attempt to improve staff management and create efficiencies in this process. There is further investigation to create a transfer station to reduce the costs of running the transport fleet. It needs to be noted that the institution has embarked on the purchase of wheelie bins for BCMM consumers and it is envisaged that this will improve the efficiencies of employees. These plans are currently at various stages of implementation. The City is in the process of constructing an additional landfill waste site and the rehabilitation of the existing landfill sites and this project is progressing well.

An increase of 7.8% in the refuse removal tariff is proposed from 1 July 2016. A further increase of 7.5% and 7.2% for the two outer years respectively are proposed.

The following table compares current and proposed amounts payable from 1 July 2016:

**Table 12: Comparison between current refuse removal fees and increases**

Category	Current amount	New amount	Difference	%
	Payable	Payable	(Increase)	Change
	R	R	R	
85ℓ Bins – Twice weekly	441,00	475,00	34,00	7,8%
240ℓ Bins – Once weekly	621,00	669,00	48,00	7,8%
240ℓ Bins – Twice weekly	1 242,00	1 339,00	97,00	7,8%
420ℓ Bins – Once weekly	1 085,00	1 170,00	85,00	7,8%
420ℓ Bins – Twice weekly	2 169,00	2 338,00	169,00	7,8%
1.1m <sup>3</sup> Sprico – Once weekly	744,00	802,00	58,00	7,8%
1.1m <sup>3</sup> Sprico – Twice weekly	1 483,00	1 599,00	116,00	7,8%
1.1m <sup>3</sup> Sprico – Three x a week	2 229,00	2 403,00	174,00	7,8%
1.1m <sup>3</sup> Sprico – Four x a week	2 966,00	3 197,00	231,00	7,8%
1.1m <sup>3</sup> Sprico – Five x a week	3 708,00	3 997,00	289,00	7,8%

#### **1.4.2 Overall impact of tariff increases on households**

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept at an average of about 8% (CPI + 1%).

The categories of rateable properties for purposes of levying rates and the proposed rates for the 2016/17 financial year based on a 7.60% increase from 1 July 2016 is contained below:

**Table 13: SA14 – Household bills**

Choose name from list - Supporting Table SA14 Household bills

Description	Ref	2012/13		2013/14		2014/15		Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17 % incr.	Budget Year 2016/17	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	
<b>Rand/cents</b>												
<b>Monthly Account for Household - 'Middle Income'</b>	1											
<b>Range:</b>												
Rates and services charges:												
Property rates		525.67	568.25	479.79	527.29	527.29	7.6%	567.37	608.22	650.79		
Electricity: Basic levy		–	–	992.40	1 113.47	1 113.47	7.6%	1 198.54	–	–	1 388.68	
Electricity: Consumption		1 179.19	1 287.11	–	–	–	–	1 290.11	–	–	1 388.68	
Water: Basic levy		–	–	298.24	331.04	331.04	8.0%	357.53	385.74	416.29	–	
Water: Consumption		319.36	368.39	249.34	273.03	273.03	7.8%	294.33	316.40	339.16	339.16	
Sanitation		203.51	225.66	156.14	170.97	170.97	7.8%	184.31	192.60	206.47	206.47	
Refuse removal		122.81	138.60	33.53	36.63	36.63	7.6%	39.41	42.25	45.21	45.21	
Other		28.07	30.70	–	–	–	–	–	–	–	–	
sub-total		2 378.61	2 648.70	2 209.24	2 452.43	2 452.43	7.7%	2 641.49	2 835.32	3 046.82	3 046.82	
VAT on Services		333.01	370.82	309.29	343.34	343.34	–	369.81	396.94	426.53	426.53	
Total large household bill:		2 711.61	3 019.52	2 518.53	2 795.77	2 795.77	7.7%	3 011.30	3 212.26	3 473.15	3 473.15	
% increase/-decrease		11.4%	(16.6%)	11.0%	–	–	–	7.7%	7.7%	7.5%	7.5%	
<b>Monthly Account for Household - 'Affordable'</b>	2											
<b>Range:</b>												
Rates and services charges:												
Property rates		83.08	92.97	342.71	376.64	376.64	7.6%	405.26	434.44	464.85	464.85	
Electricity: Basic levy		–	–	–	–	–	–	–	–	–	–	
Electricity: Consumption		587.24	645.96	496.20	556.74	556.74	7.6%	599.27	645.06	694.34	694.34	
Water: Basic levy		–	–	–	–	–	–	–	–	–	–	
Water: Consumption		250.55	289.01	248.53	275.87	275.87	8.0%	297.94	321.45	346.90	346.90	
Sanitation		72.44	80.34	88.74	97.17	97.17	7.8%	104.75	112.61	120.72	120.72	
Refuse removal		122.81	138.60	156.14	170.97	170.97	7.8%	184.31	192.60	206.47	206.47	
Other		28.07	30.70	33.33	36.63	36.63	7.6%	39.41	42.25	45.21	45.21	
sub-total		1 144.19	1 277.58	1 365.65	1 514.02	1 514.02	7.7%	1 630.94	1 748.41	1 878.49	1 878.49	
VAT on Services		148.56	165.84	191.19	211.96	211.96	–	228.33	244.78	262.99	262.99	
Total small household bill:		1 292.74	1 443.42	1 556.84	1 725.98	1 725.98	7.7%	1 859.27	1 993.19	2 141.48	2 141.48	
% increase/-decrease		11.7%	7.9%	10.9%	–	–	–	7.7%	7.7%	7.4%	7.4%	
<b>Monthly Account for Household - 'Indigent'</b>	3											
<b>Household receiving free basic services</b>												
Rates and services charges:												
Property rates		83.08	92.97	102.81	112.99	113.92	7.6%	121.58	130.33	139.46	139.46	
Electricity: Basic levy		–	–	–	–	–	–	–	–	–	–	
Electricity: Consumption		42.76	47.04	49.62	55.67	57.26	7.6%	59.93	64.51	69.43	69.43	
Water: Basic levy		–	–	–	–	–	–	–	–	–	–	
Water: Consumption		44.98	51.89	59.65	66.21	66.21	8.0%	71.51	77.15	83.26	83.26	
Sanitation		72.44	80.34	8.15	97.21	97.21	7.8%	8.79	9.45	10.13	10.13	
Refuse removal		122.81	138.60	156.14	170.97	170.97	7.8%	184.31	192.60	206.47	206.47	
Other		28.07	30.70	33.33	36.63	36.63	7.6%	39.41	42.25	45.21	45.21	
sub-total		394.15	441.53	408.99	450.82	542.28	7.7%	485.53	516.29	553.98	553.98	
VAT on Services		38.64	43.55	57.26	63.09	75.92	–	67.97	72.28	77.55	77.55	
Total small household bill:		432.79	485.08	466.25	513.71	618.20	7.7%	563.50	588.57	631.51	631.51	
% increase/-decrease		12.1%	(3.9%)	10.2%	20.3%	–	–	(10.5%)	6.3%	7.3%	7.3%	

## 1.5 OPERATING EXPENDITURE FRAMEWORK

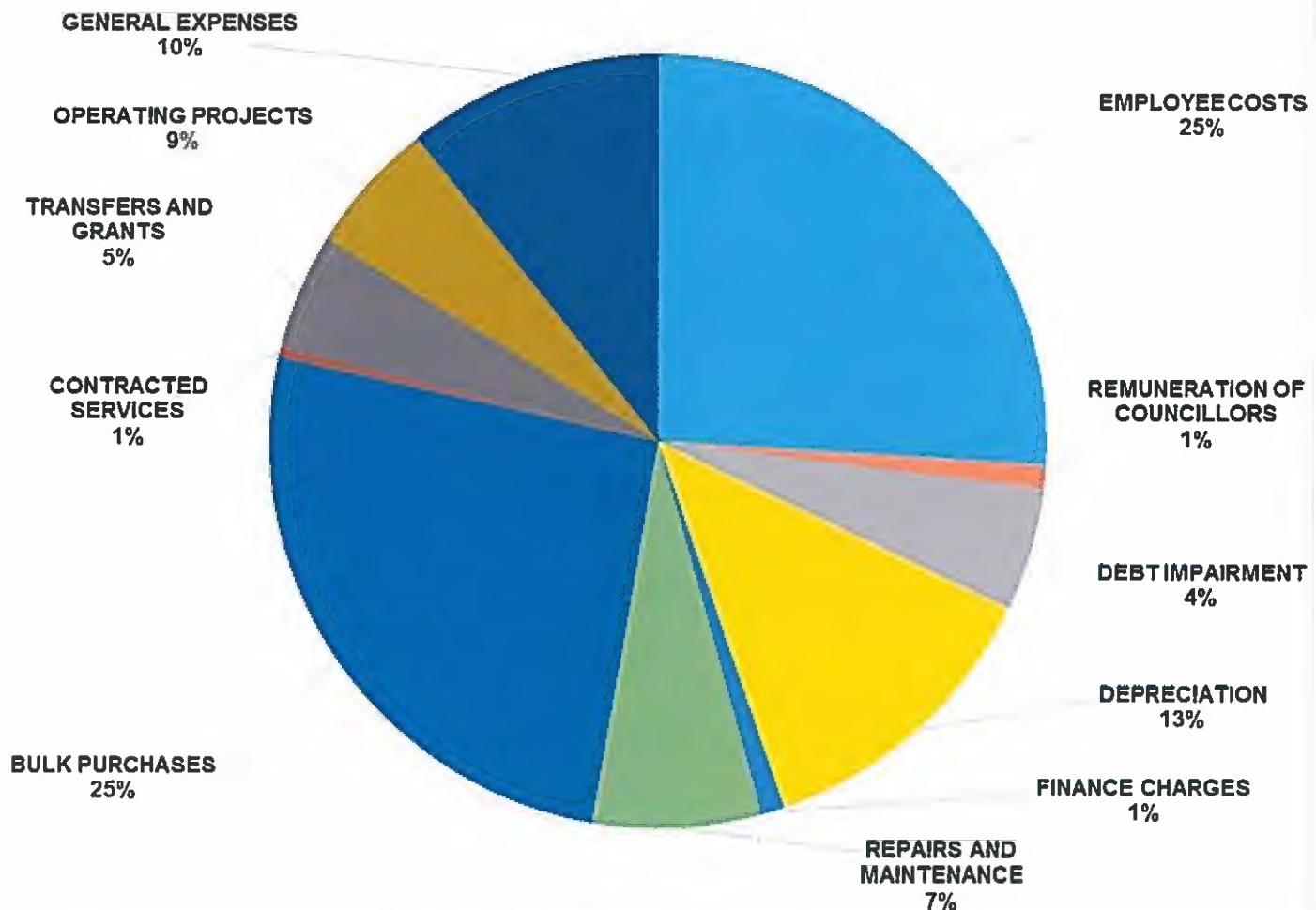
The City's expenditure framework for the 2016/17 budget and MTREF is informed by Section 18 and 19 of the MFMA.

The following table is a high level summary of the 2015/16 budget and MTREF (classified per main type of operating expenditure):

**Table 14: Table A4 - Summary of operating expenditure classification by type**

Description R thousand	Ref	2012/13			2013/14			2014/15			Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19							
<b>Expenditure By Type</b>																	
Employee related costs	2	982 560	1 134 596	1 192 331	1 387 619	1 425 572	1 425 572	1 531 068	1 641 305	1 754 555							
Remuneration of councillors	43 331	45 088	47 682	52 910	54 810	54 810	54 810	58 099	62 282	66 579							
Debt impairment	3 106 770	241 011	365 110	245 009	253 979	253 979	253 979	303 865	326 718	350 961							
Depreciation & asset impairment	2 701 504	629 728	729 880	712 213	740 930	740 930	740 930	748 339	794 736	841 625							
Finance charges	65 775	60 671	54 313	55 813	55 813	55 813	55 813	57 105	70 938	85 887							
Bulk purchases	2 1 040 113	1 110 464	1 213 642	1 377 012	1 407 012	1 407 012	1 407 012	1 521 587	1 645 567	1 779 730							
Other materials	8 7 763	9 743	14 607	21 622	21 622	21 622	21 622	22 486	23 881	25 290							
Contracted services	99 031	145 871	235 798	258 568	258 568	258 568	258 568	288 468	310 163	333 178							
Transfers and grants	4, 5 1 000 287	1 246 637	1 326 472	1 609 419	1 471 602	1 471 602	1 471 602	1 374 675	1 502 101	1 753 281							
Loss on disposal of PPE			30 408														
<b>Total Expenditure</b>		<b>3 981 360</b>	<b>4 628 913</b>	<b>5 216 601</b>	<b>5 718 685</b>	<b>5 689 908</b>	<b>5 689 908</b>	<b>5 689 908</b>	<b>5 689 908</b>	<b>6 377 691</b>	<b>6 991 087</b>						

The following figure gives a breakdown of the main expenditure categories for the 2016/17 financial year:



**Figure 5: Main operational expenditure categories for the 2016/17 financial year**

**Employee Costs** equates to 25% of the total operating costs and is within the norm of 25% to 40% as per MFMA Circular 71 guideline. Salaries have been increased by 6% in the 2016/17 financial year in line with SALGA's guideline.

**Remuneration of councillors** is determined by the Minister of Cooperative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the City's budget.

The **provision of debt impairment** has been determined based on an annual collection rate. For the 2016/17 financial year this amounts to R304 million and escalates to R351 million by 2018/19. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

**Provision for depreciation and asset impairment** is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R748 million for the 2016/17 financial year and equates to 13% of the total operating expenditure. Infrastructure assets are by far the most significant value of the Statement of Financial Position of the institution and is where the most significant amount of the institutions resources is expended. As such the institution has made a strategic decision to actively manage its infrastructure assets by ensuring all new infrastructure commitments are made in line with the Metro Growth and Development Strategy.

It needs to be recognised that the institution has adopted the revaluation accounting approach for roads infrastructure assets. The main reason for the decision is to ensure the future viability of the institution by allowing for the future replacement of these significant long term assets.

**Finance charges** consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 1% (R57 million) of operating expenditure excluding annual redemption for 2016/17.

**Bulk purchases** Eskom (equates to 25% of total operating expenditure) are directly informed by the purchase of electricity from and water from Amatola. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions.

Other expenditure comprises of various line items relating to the daily operations of the municipality. In order to comply with the provisions of circular 78, 79 and 82 guiding principles as issued by National Treasury, the institution undertook a line by line

analysis of expenditure in an attempt to improve efficiencies. As a result the annual increase on general expenses and contracted services has kept below CPI at 4% on the 2016/17 financial year. In the prior year (2015/16) no annual increase was provided.

### **1.5.1 Repairs and Maintenance**

Aligned to the priority being given to preserving and maintaining the City's current infrastructure, the 2016/17 budget and MTREF provide for extensive growth in the asset maintenance area as informed the City's asset renewal strategy and repairs & maintenance plan.

Repairs and maintenance budget is currently 7% of the total Operating Expenditure Budget. The City is striving towards a 10% repairs and maintenance of its total operating budget owing to the aging of the City's infrastructure and historic deferred maintenance. As a results the City has budgeted an annual increase that is above the projected CPI in the MTREF (2016/17: 11.5%; 2017/18: 10% and 2018/19: 10%) The City has embarked on a programme to replace existing infrastructure assets which have almost reached and/or exceeded their useful lives and will be funded from own funds. The institution has identified a historical funding shortfall associated with the replacement of existing infrastructure assets and in an attempt to alleviate the shortfall, some of the USDG funding will be utilized to replace existing infrastructure. Furthermore, the institution will ensure that surplus budgets are prepared beyond the MTREF period to fund both existing infrastructure replacement as well as new infrastructure expansion.

**Table 15: Table SA34c – Repairs and Maintenance expenditure by asset type**

R thousand	Description	Current Year 2015/16						2016/17 Medium Term Revenue & Expenditure Framework		
		2012/13		2013/14		2014/15		Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
		Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast		
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>										
<b>Infrastructure</b>										
Infrastructure - Road transport	220 824	236 228	251 289	316 019	316 019	316 019	352 361	387 597	426 357	
Roads, Pavements & Bridges	62 067	62 764	84 037	108 529	108 529	108 529	121 010	133 111	146 422	
Storm water	55 427	56 120	75 418	99 988	99 988	99 988	111 486	122 635	134 899	
Infrastructure - Electricity	6 640	6 644	8 619	8 541	8 541	8 541	9 523	10 476	11 523	
Transmission & Reticulation	100 347	103 884	90 862	112 550	112 550	112 550	125 493	138 042	151 846	
Street Lighting	97 551	100 033	6 812	108 099	108 099	108 099	120 530	132 583	145 842	
Infrastructure - Water	2 796	3 850	84 050	4 451	4 451	4 451	4 963	5 459	6 005	
Dams & Reservoirs	26 976	30 866	34 412	42 435	42 435	42 435	47 315	52 047	57 251	
Reticulation	1 021	932	1 013	1 283	1 283	1 283	1 431	1 574	1 731	
Infrastructure - Sanitation	25 955	29 933	33 398	41 152	41 152	41 152	45 885	50 473	55 520	
Reticulation	19 486	23 221	24 862	29 620	29 620	29 620	33 027	36 329	39 962	
Infrastructure - Other	19 486	23 221	24 862	29 620	29 620	29 620	33 027	36 329	39 962	
Waste Management	11 948	15 494	17 116	22 885	22 885	22 885	25 517	28 058	30 875	
Community	19 435	22 165	12 495	17 874	17 874	17 874	19 929	21 922	24 114	
Parks & gardens	—	—	1 818	—	553	553	617	678	746	
Sportsfields & stadia	407	11 248	335	553	413	413	460	506	557	
Swimming pools	328	298	—	413	—	—	—	—	—	
Community halls	398	405	526	585	585	585	652	718	789	
Libraries	155	126	128	253	253	253	282	310	341	
Recreational facilities	11 065	2 285	2 579	3 331	3 331	3 331	3 331	3 714	4 086	4 494
Fire, safety & emergency	991	1 394	1 507	2 288	2 288	2 288	2 551	2 806	3 087	
Security and policing	1 518	1 995	1 144	2 005	2 005	2 005	2 236	2 459	2 705	
Buses	474	394	118	2 658	2 658	2 658	2 963	3 260	3 586	
Clinics	24	21	—	101	101	101	101	112	123	
Museums & Art Galleries	32	14	10	71	71	71	79	87	95	
Cemeteries	233	158	250	402	402	402	448	493	543	
Other	3 810	3 828	4 079	5 215	5 215	5 215	5 615	6 396	7 036	
Other assets	23 443	27 293	20 271	38 117	38 117	38 117	42 501	46 751	51 426	
General vehicles	784	940	1 022	1 821	1 821	1 821	2 030	2 233	2 457	
Computers - hardware/equipment	816	604	671	1 065	1 065	1 065	1 188	1 307	1 437	
Furniture and other office equipment	3	0	2	16	16	16	18	19	21	
Markets	738	721	679	1 009	1 009	1 009	1 126	1 238	1 362	
Other Buildings	8 091	8 852	5 031	10 554	10 554	10 554	11 768	12 945	14 240	
Other	13 031	16 176	12 865	23 651	23 651	23 651	26 371	29 008	31 909	
<b>Total Repairs and Maintenance Expenditure</b>	<b>263 702</b>	<b>285 686</b>	<b>264 054</b>	<b>372 010</b>	<b>372 010</b>	<b>372 010</b>	<b>414 791</b>	<b>456 270</b>	<b>501 897</b>	
<b>R&amp;M as % of PPE</b>	<b>2.6%</b>	<b>2.4%</b>	<b>2.4%</b>	<b>3.3%</b>	<b>3.3%</b>	<b>6.5%</b>	<b>3.1%</b>	<b>3.2%</b>	<b>3.3%</b>	
<b>R&amp;M as % Operating Expenditure</b>	<b>6.6%</b>	<b>6.2%</b>	<b>5.4%</b>	<b>6.5%</b>	<b>6.5%</b>	<b>7.0%</b>	<b>7.2%</b>	<b>7.2%</b>	<b>7.2%</b>	

### **1.5.2 Free Basic Services: Basic Social Services Package**

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the City's Indigent Policy. The target is to register an average of at least the following indigent households by the end of 2016/17 financial year, this process is reviewed annually: Rates and Fire Levy – 40 000; Refuse and Sanitation – 66 998; Electricity 86 891; Water – 86100 rural and 66 998 urban.

It should however be noted that although this is a goal from a social perspective, it is an indicator of the overall strategic direction of the institution not being achieved. The institution is attempting to steer in the direction of economic growth and job creation. This target is contrary to that focus area. The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

The following table provide a breakdown of the current and proposed total poor relief package per indigent household:

**Table 16: Basic social services package per indigent household**

	Total Per Household 2015/2016	Total Per Household 2016/2017	Total Per Household 2017/2018	Total Per Household 2017/2018
Rates	112,99	121,58	130,33	139,46
Refuse	170,97	184,31	192,60	206,47
Sewerage	8,15	8,79	9,45	10,13
Fire Levy	36,63	39,41	42,25	45,21
<b><u>Total Monthly Subsidy</u></b>	<b>328,75</b>	<b>354,09</b>	<b>374,63</b>	<b>401,26</b>
Electricity - 50kwh p.m.	55,67	59,93	64,51	69,43
Water - 6kl p.m.	66,21	71,51	77,15	83,26

<b>Total Poor Relief</b>	<b>450,63</b>	<b>485,52</b>	<b>516,29</b>	<b>553,95</b>
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## 1.6 CAPITAL EXPENDITURE FRAMEWORK

The following table provides a breakdown of budgeted capital expenditure by vote:

**Table 17: Table A5 2016/17 Medium-term capital budget per vote, standard classification and funding**

R thousand	Vote Description	Ref	2012/13		2013/14		2014/15		Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework	
			Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
<b>Capital expenditure - Vote Multi-year expenditure to be appropriated</b>												
	2		622	558	1 321	6 200	4 898	4 898	5 500	500	500	
Vote 1 - Directorate - Executive Support Services			-	944	5 452	21 500	700	700	17 522	31 678	19 000	
Vote 2 - Directorate - Municipal Manager				58 744	144 783	211 424	196 391	196 391	202 441	190 530	198 127	
Vote 3 - Directorate - Human Settlement			36 692									
Vote 4 - Directorate - Chief Financial Officer			25 488	3 544	3 282	10 000	10 752	10 752	10 600	10 600	10 600	
Vote 5 - Directorate - Corporate Services			-	31 262	4 863	21 600	30 621	30 621	7 100	2 100	600	
Vote 6 - Directorate - Infrastructure Services			402 616	636 990	671 827	820 556	925 500	925 500	887 671	1 059 353	1 010 629	
Vote 7 - Directorate - Spatial Planning			101 456	28 432	37 437	68 221	86 153	86 153	230 290	259 450	331 918	
Vote 8 - Directorate - Health & Public Safety			6 358	6 744	3 751	21 650	15 809	15 809	30 032	19 817	11 619	
Vote 9 - Directorate - Municipal Services			20 255	67 420	57 333	94 204	120 054	120 054	122 478	101 294	137 506	
Vote 10 - Directorate - Economic Development			-	-	-	-	-	-	44 500	45 500	57 500	
<b>Capital multi-year expenditure sub-total</b>	7	593 485	834 638	930 050	1 275 354	1 390 877	1 390 877	1 390 877	1 558 134	1 720 823	1 777 999	
<b>Single-year expenditure to be appropriated</b>												
	2											
Vote 1 - Directorate - Executive Support Services			-	-	-	-	-	-	-	-	-	
Vote 2 - Directorate - Municipal Manager			-	-	-	-	-	-	-	-	-	
Vote 3 - Directorate - Human Settlement			-	-	-	-	-	-	-	-	-	
Vote 4 - Directorate - Chief Financial Officer			-	-	-	-	-	-	-	-	-	
Vote 5 - Directorate - Corporate Services			-	-	-	-	-	-	-	-	-	
Vote 6 - Directorate - Infrastructure Services			-	-	-	-	-	-	-	-	-	
Vote 7 - Directorate - Spatial Planning			-	-	-	-	-	-	-	-	-	
Vote 8 - Directorate - Health & Public Safety			-	-	-	-	-	-	-	-	-	
Vote 9 - Directorate - Municipal Services			-	-	-	-	-	-	-	-	-	
<b>Capital single-year expenditure sub-total</b>		593 485	834 638	930 050	1 275 354	1 390 877	1 390 877	1 390 877	1 558 134	1 720 823	1 777 999	
<b>Total Capital Expenditure - Vote</b>												

**Table A5 2016/17 Medium-term capital budget per vote, standard classification and funding (Continued)**

Vote Description	Ref	2012/13		2013/14		2014/15		Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework	
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1										
<b>Capital Expenditure - Standard</b>											
<b>Governance and administration</b>		26 110	33 780	14 918	59 300	46 512	46 512	40 722	44 876	30 700	
Executive and council	622	1 731	6 773	27 700	5 139	5 139	5 139	23 022	32 178	19 500	
Budget and treasury office	25 488	1 369	3 282	10 000	10 752	10 752	10 752	10 600	10 600	10 600	
Corporate services	-	30 680	4 863	21 600	30 621	30 621	30 621	7 100	2 100	600	
<b>Community and public safety</b>		44 632	134 713	165 241	305 568	265 774	265 774	276 498	255 995	255 995	255 748
Community and social services	-	67 627	11 918	40 269	20 050	20 050	20 050	20 050	23 300	24 300	
Sport and recreation	1 582	-	4 788	32 225	33 524	33 524	33 524	20 725	21 047	21 702	
Public safety	6 358	8 386	3 751	21 650	15 809	15 809	15 809	30 032	19 817	11 619	
Housing	36 692	58 700	144 783	211 424	196 391	196 391	196 391	202 441	190 530	198 127	
Health	-	-	-	-	-	-	-	-	-	-	
<b>Economic and environmental services</b>		246 316	312 120	369 799	333 221	427 260	427 260	541 969	578 779	578 875	
Planning and development	101 008	28 419	37 437	68 221	86 612	86 612	86 612	274 790	304 950	389 418	
Road transport	143 551	283 701	322 624	265 000	340 649	340 649	340 649	267 179	273 929	289 457	
Environmental protection	1 757	-	9 738	-	-	-	-	-	-	-	
<b>Trading services</b>		275 981	348 551	379 734	529 266	603 331	603 331	680 946	821 471	792 676	
Electricity	65 683	104 373	150 386	158 500	164 500	164 500	164 500	143 000	163 000	171 000	
Water	71 359	71 663	91 521	91 000	110 000	110 000	110 000	87 500	95 000	140 000	
Waste water management	122 022	172 515	106 938	258 056	262 352	262 352	262 352	371 992	507 524	390 172	
Waste management	16 916	-	30 889	21 710	66 480	66 480	66 480	78 454	55 947	91 504	
Other	447	5 475	358	48 000	48 000	48 000	48 000	18 000	20 000	20 000	
<b>Total Capital Expenditure - Standard</b>	3	593 485	834 638	930 050	1 275 354	1 390 877	1 390 877	1 558 134	1 720 923	1 777 999	
<b>Funded by:</b>											
National Government	515 570	722 854	565 914	742 884	702 762	702 762	702 762	741 969	842 151	969 510	
Provincial Government	-	11 649	49 578	107 469	86 850	86 850	86 850	106 300	50 535	-	
District Municipality	-	-	-	-	-	-	-	-	-	-	
Other transfers and grants	-	-	-	-	-	-	-	-	-	-	
<b>Transfers recognised - capital</b>	4	515 570	734 503	615 492	850 353	789 612	789 612	848 269	892 766	969 510	
Public contributions & donations	5	-	-	-	-	459	459	-	-	-	
Borrowing	6	18 146	-	-	-	-	-	69 582	189 352	176 867	
Internally generated funds	59 769	100 136	314 558	425 002	600 806	600 806	600 806	640 283	638 685	631 622	
<b>Total Capital Funding</b>	7	593 485	834 638	930 050	1 275 354	1 390 877	1 390 877	1 558 134	1 720 923	1 777 999	

The above table reflect that the budget for capital programme is R1.56 billion in the 2016/17 financial year, R1.72 billion and R1.78 billion in the 2017/18 and 2018/19 financial years respectively.

It is pleasing to note the BCMM's capital budget has increased by 12% compared to the 2015/16 revised budget. It is also showing an increasing trend from 2016/17 to 2018/19 financial year. Further breakdown per service of the capital budget is detailed in the table below. It depicts that for the 2016/17 financial year an amount of R371 million has been appropriated for the Waste Water infrastructure, R267 million for Roads and Storm Water, R140 million for Transport Planning, R202 million for Housing and R143 million for Electricity. These services represent 72% of the total capital budget for the 2016/17 financial year.

**Table 18: List of Key Projects Per Service**

Services	2016/2017 <u>Adopted</u> Capital Budget	2017/2018 <u>Adopted</u> Capital Budget	2018/2019 <u>Adopted</u> Capital Budget
Water	87 500 000	95 000 000	140 000 000
Waste Water	371 492 022	507 023 769	389 172 252
Electricity	143 000 000	163 000 000	171 000 000
Roads and Storm water	267 178 558	273 829 000	289 457 000
Housing	202 441 082	190 530 454	198 127 200
Transport Planning	139 789 000	161 667 000	247 393 000
Local Economic Development	44 500 000	45 500 000	57 500 000
Spatial Planning and Development	90 501 051	97 783 000	84 525 000
Waste Management / Refuse	78 453 700	55 947 040	91 503 690
Amenities	44 024 644	45 347 000	46 002 100
Public Safety	30 032 401	19 817 400	11 618 520
Support Services	41 221 500	45 378 100	31 700 000
Other - BCM Fleet	18 000 000	20 000 000	20 000 000
<b>TOTAL PER SERVICE</b>	<b>1 558 133 958</b>	<b>1 720 822 763</b>	<b>1 777 998 762</b>

Renewal of existing assets represent 51.6% (R804 million) of the total capital budget while new assets acquisition equates to 48.4% (R754 million) in the 2016/17 financial year. Further detail relating to asset classes and proposed capital expenditure is contained in MBRR Table A9, MBRR Tables SA34a and SA34b provides a detailed breakdown of the capital programme relating to new asset construction and capital asset renewal. Some of the salient projects to be undertaken over the medium-term includes, amongst others:

The following are some of the major projects to be undertaken in the medium-term amongst others:

- **Electricity**

Bulk electricity infrastructure upgrade for the entire BCMM area to improve reliability of supply of the BCMM network for both domestic and commercial consumers is one of the priority areas. To contribute towards fulfilment of this priority, an allocation of R330 million over the MTREF period has been made from own funding. An amount of R139 million has been allocated over the MTREF period for electrification, street lighting and high mast within BCMM area of supply. This allocation include R30 million that has been allocated over the MTREF for electrification of informal dwellings.

- **Sanitation / Waste Water**

Phase 2 of the Zwelitsha Waste Water Treatment Works Upgrade, is budgeted for R308 million over the MTREF period. This plant will provide a centralized regional treatment facility for the Inland Region which will service the domestic and business community from Bhisho, Breidbach, Zwelitsha, Phakamisa, Schornville, Ginsberg, etc. The provision of Sewer Tunnel for diversion of sewer from Central Plant to Reeston Plant is allocated a budget of R436 million over the MTREF period funded from borrowings. An allocation of R311 million from own funds has been made available for renewal of existing infrastructure, including Eastern Beach Gravity Sewer Upgrade (R84 million) and Mdantsane Waste Water Treatment Works (R67 million).

- **Roads**

The Upgrading of Mdantsane Roads is continuing and has been allocated a budget of R211 million over the MTREF period. The Quenera Beacon Bay Link Road is also continuing and has been allocated a budget of R75 million over the MTREF period. Fleet Street upgrade is also progressing and an amount of R105 million has been allocated in over the MTREF. KWT roads upgrade have been allocated R45 million over the MTREF. An amount of R60 million has been set aside for Rural roads over the MTREF period. An allocation of R260 million from own funds has been made available for upgrading various existing roads.

- **Transport Planning**

An allocation of R132 million has been allocated over the MTREF period for the implementation of Integrated Transport Programme. Phase 7 of Qumza Highway Upgrading has been allocated an amount of R130 million over the MTREF period. For the upgrading of KWT Transport Facilities, an amount of R120 million has been allocated over the MTREF period. The Needs Camp Potsdam Bridge has been allocated R90 million over the MTREF period.

## **1.7 ANNUAL BUDGET TABLES**

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the BCMM's 2016/17 budget and MTREF for approval by the Council.

The parent municipality, Buffalo City Metropolitan Municipality, resuscitated the development agency for the metro. In this regards BCMM has constituted the board members for Buffalo City Metro Development Agency (BCMDA) and the board is currently recruiting staff for the running of the agency. The CEO and a temporary Office Administrator have been appointed and commenced work on 01 November 2015 and 01 December 2015 respectively. The CFO was also recently appointed and commenced work on 18 April 2016. Due to the fact that BCMDA is still at the forming stage, it anticipate to receive funding mainly from the parent municipality (BCMM) for its operations and has not yet projected any capital expenditure. Therefore there is minimal effect on consolidated budget table. The affected consolidated main budget tables are also presented below as required by the MBRR.

**Table 19: MBRR Table A1 – Budget Summary**

Description	Current Year 2015/16						2016/17 Medium Term Revenue & Expenditure Framework		
	2012/13	2013/14	2014/15	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	580 100	672 957	794 519	903 413	953 413	953 413	1 122 920	1 203 770	1 288 034
Service charges	1 965 059	2 198 960	2 424 753	2 686 741	2 790 741	2 790 741	2 928 610	3 152 465	3 391 445
Investment revenue	83 980	96 477	124 166	133 620	133 620	133 620	143 775	152 689	161 698
Transfers recognised - operational	723 457	812 167	948 239	1 249 333	1 078 556	1 078 556	1 319 728	1 450 381	1 703 052
Other own revenue	576 694	718 042	658 558	746 500	734 500	734 500	731 737	420 053	449 613
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>3 929 291</b>	<b>4 498 602</b>	<b>4 950 235</b>	<b>5 719 607</b>	<b>5 690 830</b>	<b>5 690 830</b>	<b>5 906 770</b>	<b>6 379 359</b>	<b>6 993 843</b>
Employee costs	902 560	1 134 596	1 192 331	1 387 619	1 425 572	1 425 572	1 531 068	1 641 305	1 754 555
Remuneration of councillors	43 331	45 088	47 682	52 910	54 810	54 810	58 099	62 282	66 579
Depreciation & asset impairment	701 504	629 728	729 880	712 213	740 930	740 930	748 339	794 736	841 625
Finance charges	–	65 775	60 671	54 313	55 813	55 813	57 105	70 938	85 887
Materials and bulk purchases	1 040 113	1 110 464	1 213 642	1 377 012	1 407 012	1 407 012	1 521 587	1 645 567	1 779 730
Transfers and grants	99 031	145 871	235 798	258 568	258 568	258 568	258 568	288 468	310 163
Other expenditure	1 114 820	1 497 391	1 736 598	1 876 050	1 747 203	1 747 203	1 747 203	1 701 026	1 852 699
<b>Total Expenditure</b>	<b>3 981 360</b>	<b>4 628 913</b>	<b>5 216 601</b>	<b>5 718 685</b>	<b>5 689 908</b>	<b>5 689 908</b>	<b>5 905 692</b>	<b>6 377 691</b>	<b>6 991 087</b>
<b>Surplus/(Deficit)</b>	<b>(52 069)</b>	<b>(130 311)</b>	<b>(266 366)</b>	<b>922</b>	<b>922</b>	<b>922</b>	<b>1 078</b>	<b>1 668</b>	<b>2 756</b>
Transfers recognised - capital	510 296	734 503	615 492	850 353	850 353	850 353	848 269	892 786	969 510
Contributions recognised - capital & contributed a	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>458 227</b>	<b>604 192</b>	<b>349 126</b>	<b>851 275</b>	<b>851 275</b>	<b>851 275</b>	<b>849 347</b>	<b>894 454</b>	<b>972 266</b>
Share of surplus/ (deficit) of associate	3 526	54 223	22 359	–	–	–	–	–	–
<b>Surplus/(Deficit) for the year</b>	<b>461 753</b>	<b>658 414</b>	<b>371 485</b>	<b>851 275</b>	<b>851 275</b>	<b>851 275</b>	<b>849 347</b>	<b>894 454</b>	<b>972 266</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>593 495</b>	<b>834 638</b>	<b>930 050</b>	<b>1 275 354</b>	<b>1 390 877</b>	<b>1 390 877</b>	<b>1 558 134</b>	<b>1 720 823</b>	<b>1 777 999</b>
Transfers recognised - capital	515 570	734 503	615 492	850 353	789 612	789 612	848 269	892 786	969 510
Public contributions & donations	–	–	–	–	459	459	–	–	–
Borrowing	18 146	–	–	–	–	–	69 582	189 352	176 867
Internally generated funds	59 769	100 136	314 558	425 002	600 806	600 806	640 283	638 685	631 622
<b>Total sources of capital funds</b>	<b>593 495</b>	<b>834 638</b>	<b>930 050</b>	<b>1 275 354</b>	<b>1 390 877</b>	<b>1 390 877</b>	<b>1 558 134</b>	<b>1 720 823</b>	<b>1 777 999</b>

**MBRR Table A1 – Budget Summary (Continued)**

Description	2012/13		2013/14		2014/15		Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework	
	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
<b>R thousands</b>										
<b>Financial position</b>										
Total current assets	2 566 478	2 860 143	3 025 834	3 250 382	3 327 391	3 422 392	3 524 010	3 772 772	4 089 776	
Total non current assets	10 483 393	12 434 158	12 611 638	11 736 712	11 736 712	13 225 967	14 131 803	15 086 236	16 057 818	
Total current liabilities	1 261 827	1 099 052	1 020 600	1 026 227	1 026 227	1 026 227	1 026 227	1 237 751	1 364 114	
Total non current liabilities	978 533	1 003 150	995 535	1 099 508	1 099 508	1 099 508	1 099 508	1 177 174	1 380 115	1 569 911
Community wealth/Equity	10 821 131	13 061 125	13 621 335	13 821 862	14 036 162	14 036 162	17 204 674	15 044 245	15 929 972	16 873 627
<b>Cash flows</b>										
Net cash from (used) operating	1 176 732	957 735	1 013 447	1 350 929	1 618 620	1 618 620	1 648 807	1 743 978	1 872 417	
Net cash from (used) investing	(590 286)	(585 664)	(923 670)	(1 275 354)	(1 390 877)	(1 390 877)	(1 558 134)	(1 720 823)	(1 777 999)	
Net cash from (used) financing	(265 100)	(49 753)	(53 669)	(46 097)	(46 097)	(46 097)	17 757	137 558	117 306	
Cash/cash equivalents at the year end	1 843 315	2 164 433	2 200 541	2 388 434	2 380 443	2 380 443	2 488 873	2 649 586	2 861 310	
<b>Cash backlog/surplus reconciliation</b>										
Cash and investments available	1 844 207	2 164 433	2 200 541	2 388 434	2 460 443	2 460 443	2 488 873	2 649 586	2 861 310	
Application of cash and investments	611 319	440 786	252 922	322 589	306 969	306 969	218 290	276 174	317 987	325 800
<b>Balance - surplus (shortfall)</b>	1 232 888	1 723 647	1 947 619	2 060 845	2 153 474	2 153 474	2 242 153	2 212 699	2 331 599	2 535 509
<b>Asset management</b>										
Asset register summary (WDV)	10 536 394	12 310 299	12 463 276	11 531 014	11 531 014	12 518 836	12 518 836	13 644 420	14 779 091	
Depreciation & asset impairment	701 504	629 728	729 880	712 213	740 930	748 339	748 339	794 736	841 625	
Renewal of Existing Assets	137 455	83 260	502 299	745 427	861 279	861 279	861 279	804 300	963 401	934 904
Repairs and Maintenance	263 702	285 686	284 054	372 010	372 010	372 010	414 791	414 791	456 270	501 897
<b>Free services</b>										
Cost of Free Basic Services provided	–	–	–	–	–	–	–	–	–	
Revenue cost of free services provided	28 828	34 471	23 198	48 089	48 089	34 301	38 246	38 246	42 644	47 549
<b>Households below minimum service level</b>										
Water:	4	4	3	3	2	2	2	2	2	
Sanitation/sewage:	48	48	39	32	32	31	31	30	29	
Energy:	117	127	130	131	131	133	133	134	136	
Refuse:	2	2	2	2	2	2	2	2	2	

### **Explanatory notes to MBRR Table A1 – Budget Summary**

1. Table A1 is a budget summary and provides a concise overview of the City's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF.
  - b. Capital expenditure is balanced by capital funding sources, of which
    - i. Transfers recognised is reflected on the Financial Performance Budget;
    - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget.
    - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The municipality's budget is fully funded and cash-backed and will be generating a surplus in the two outer years of the MTREF period to ensure a more balanced funding mix for capital projects.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic

Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

**Table 20: MBRRT Table A2 – Budgeted Financial Performance (revenue and expenditure by standard classification)**

Standard Classification Description	Ref	Current Year 2015/16					2016/17 Medium Term Revenue & Expenditure Framework					
		2012/13		2013/14		2014/15	Original Budget		Adjusted Budget	Full Year Forecast		Budget Year 2016/17
		R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
<b>Revenue - Standard</b>												
<i>Governance and administration</i>		1 526 751	1 805 029	1 887 005	1 974 740	2 014 714	2 014 714	2 268 370	2 450 458	2 694 548		
Executive and council		(2 424)	21 185	28 536	37 902	27 996	27 996	30 796	33 275	36 293		
Budget and treasury office		1 521 932	1 774 567	1 846 084	1 922 818	1 972 698	1 972 698	2 222 152	2 400 520	2 640 081		
Corporate services		7 243	9 277	12 385	14 019	14 019	14 019	15 421	16 683	18 174		
<i>Community and public safety</i>		190 460	328 725	286 920	651 123	412 038	412 038	127 228	134 801	147 028		
Community and social services		19 163	64 143	9 404	17 738	17 738	17 738	19 511	21 082	22 994		
Sport and recreation		3 858	4 976	3 346	5 601	5 601	5 601	6 161	6 657	7 261		
Public safety		75 229	84 165	79 741	90 035	87 535	87 535	98 758	104 040	113 476		
Housing		90 358	173 682	193 400	535 206	298 621	298 621	—	—	—		
Health		1 851	1 559	1 029	2 542	2 542	2 542	2 542	2 797	3 022	3 296	
<i>Economic and environmental services</i>		295 653	381 872	79 188	97 752	88 383	88 383	100 222	108 048	114 576		
Planning and development		103 362	47 958	25 472	21 272	21 403	21 403	26 543	28 439	27 746		
Road transport		191 943	332 638	49 859	76 096	66 596	66 596	73 255	79 152	86 331		
Environmental protection		348	1 275	3 857	385	385	385	423	457	498		
<i>Trading services</i>		2 413 829	2 752 896	2 701 728	2 972 019	3 151 720	3 151 720	3 384 579	3 657 557	4 006 611		
Electricity		1 346 909	1 505 239	1 534 229	1 726 439	1 830 439	1 830 439	1 931 170	2 087 148	2 283 767		
Water		401 252	454 907	461 672	492 088	492 088	492 088	541 296	584 871	637 918		
Waste water management		388 639	469 987	369 759	392 460	405 661	405 661	446 227	482 149	525 379		
Waste management		277 030	318 764	336 068	361 032	423 532	423 532	503 389	503 389	549 046		
Other		4 16 419	18 805	633 245	874 327	874 327	874 327	874 641	921 281	1 000 589		
<b>Total Revenue - Standard</b>	2	4 443 112	5 287 328	5 588 086	6 569 960	6 541 182	6 541 182	6 755 039	7 272 145	7 963 352		
<b>Expenditure - Standard</b>												
<i>Governance and administration</i>		698 928	1 096 914	1 074 796	1 087 762	1 123 270	1 123 270	1 189 023	1 269 240	1 410 104		
Executive and council		143 834	113 452	154 500	194 037	201 849	201 849	209 046	225 902	248 473		
Budget and treasury office		304 694	619 853	622 128	466 958	510 649	510 649	552 775	581 702	655 216		
Corporate services		250 401	273 609	298 168	426 767	410 772	410 772	427 203	461 635	506 414		
<i>Community and public safety</i>		435 486	513 237	612 695	989 070	786 101	786 101	738 246	838 735	863 437		
Community and social services		76 645	82 725	88 098	93 320	95 656	95 656	94 309	101 955	112 090		
Sport and recreation		71 465	84 128	78 789	74 147	74 147	74 147	77 113	83 328	91 411		
Public safety		169 684	190 274	209 992	219 275	219 275	219 275	224 016	242 107	265 712		
Housing		89 318	128 197	207 474	571 731	336 649	336 649	280 019	343 496	319 883		
Health		28 375	27 913	28 342	30 598	60 374	60 374	62 789	67 850	74 431		
<i>Economic and environmental services</i>		721 695	723 547	775 123	843 333	862 950	862 950	864 923	978 058	1 090 084		
Planning and development		178 110	192 670	221 953	213 708	239 760	239 760	270 451	276 671	320 562		
Road transport		462 774	435 282	453 960	527 886	521 451	521 451	543 263	587 050	643 984		
Environmental protection		80 812	95 615	99 210	101 739	101 739	101 739	105 809	114 337	125 428		
<i>Trading services</i>		2 110 898	2 371 377	2 740 479	2 781 669	2 900 735	2 900 735	3 041 214	3 272 547	3 606 498		
Electricity		1 314 438	1 481 918	1 625 904	1 659 904	1 725 555	1 725 555	1 886 458	2 046 988			
Water		387 718	461 736	586 655	503 337	511 337	511 337	574 653	630 395			
Waste water management		280 290	317 803	371 722	362 232	425 232	425 232	467 437	489 499	554 011		
Waste management		211 496	277 399	300 184	280 196	304 262	304 262	316 432	341 936	375 104		
Other		4 14 351	13 840	13 509	16 851	16 851	16 851	17 685	19 111	20 995		
<b>Total Expenditure - Standard</b>	3	3 981 360	4 628 913	5 216 601	5 718 685	5 689 908	5 689 908	5 905 692	6 377 691	6 991 087		
<b>Surplus/(Deficit) for the year</b>		461 753	658 414	371 485	851 275	851 275	851 275	849 347	894 454	972 266		

**Explanatory notes to MBRR Table A2 – Budgeted Financial Performance (revenue and expenditure by standard classification)**

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile ‘whole of government’ reports.
2. Total Revenue on this table includes capital revenues (Transfers recognised – capital).
3. As a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, Waste Water Management and Waste Management function. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function’s tariff structure.

**Table 21: MBRR Table A3 – Budgeted Financial Performance (revenue and expenditure by municipal vote)**

R thousand	Vote Description	Ref	2012/13		2013/14		2014/15		Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework	
			Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Revenue by Vote</b>												
1	Vote 1 - Directorate - Executive Support Services		1 104	251	733	—	131	145	156	170		
	Vote 2 - Directorate - Municipal Manager		3 296	21 135	28 536	37 902	47 807	52 588	56 822	61 975		
	Vote 3 - Directorate - Human Settlement		90 611	174 742	196 494	535 206	352 011	362 572	373 449	418 263		
	Vote 4 - Directorate - Chief Financial Officer		1 521 932	1 694 703	2 461 576	2 773 171	2 823 051	2 947 365	3 061 559	3 392 635		
	Vote 5 - Directorate - Corporate Services		5 155	7 270	7 832	11 851	11 851	13 036	14 086	15 364		
	Vote 6 - Directorate - Infrastructure Services		2 275 030	2 798 198	2 369 496	2 614 132	2 718 132	2 744 633	3 102 050	3 342 696		
	Vote 7 - Directorate - Spatial Planning		122 390	69 005	44 568	55 515	55 515	34 695	37 488	40 888		
	Vote 8 - Directorate - Health & Public Safety		123 195	132 865	126 175	157 427	145 427	162 440	172 848	188 525		
	Vote 9 - Directorate - Municipal Services		300 399	389 158	352 676	384 756	387 256	408 195	422 192	471 757		
	Vote 10 - Directorate - Economic Development		—	—	—	—	—	—	29 372	31 495	31 079	
2	<b>Total Revenue by Vote</b>		4 443 112	5 287 328	5 588 086	6 569 960	6 541 182	6 541 182	6 755 039	7 212 145	7 963 352	
<b>Expenditure by Vote to be appropriated</b>												
1	Vote 1 - Directorate - Executive Support Services		126 799	150 857	158 483	164 414	198 928	198 928	206 009	222 620	243 465	
	Vote 2 - Directorate - Municipal Manager		59 650	76 810	79 494	102 124	111 469	111 469	115 928	125 271	136 633	
	Vote 3 - Directorate - Human Settlement		95 581	135 916	218 348	582 205	400 614	400 614	346 542	415 381	395 904	
	Vote 4 - Directorate - Chief Financial Officer		304 694	465 404	622 128	466 958	510 649	510 649	551 753	580 598	650 390	
	Vote 5 - Directorate - Corporate Services		98 171	106 354	123 906	214 553	185 537	185 537	192 959	208 511	227 423	
	Vote 6 - Directorate - Infrastructure Services		2 332 916	2 645 397	2 921 502	3 047 918	3 086 584	3 086 584	3 234 571	3 402 173	3 636 905	
	Vote 7 - Directorate - Spatial Planning		217 819	238 320	255 196	274 508	300 228	300 228	246 099	265 970	290 189	
	Vote 8 - Directorate - Health & Public Safety		220 959	243 319	264 371	283 787	313 488	313 488	321 985	347 985	379 641	
	Vote 9 - Directorate - Municipal Services		464 772	566 536	573 172	582 239	582 411	582 411	602 596	650 524	727 642	
2	<b>Total Expenditure by Vote</b>		3 981 360	4 628 913	5 216 601	5 718 685	5 689 908	5 689 908	5 905 632	6 377 691	6 991 087	
2	<b>Surplus/(Deficit) for the year</b>		461 753	658 414	371 485	851 275	851 275	849 347	894 454	972 266		

**Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the City. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity and water trading services.

**Table 22: MBRRI Table A4 – Budgeted Financial Performance (revenue and expenditure)**

R thousand	Description	Ref	2012/13		2013/14		2014/15		Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework	
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Revenue By Source</b>												
Property rates	2	580 100	672 957	794 519	902 842	952 842	952 842	1 122 920	1 203 770	1 288 034		
Property rates - penalties & collection charges	2	1 266 660	1 383 884	1 465 814	1 658 671	1 758 671	1 758 671	571	571	1 953 942	2 103 223	
Service charges - electricity revenue	2	271 026	325 360	394 282	411 381	411 381	411 381	411 381	444 291	479 346	517 310	
Service charges - water revenue	2	223 023	248 673	278 832	314 571	314 571	314 571	314 571	339 107	364 540	390 787	
Service charges - sanitation revenue	2	198 898	228 895	261 807	286 063	286 063	286 063	286 063	308 375	331 504	355 372	
Service charges - refuse revenue	2	5 452	12 149	24 018	16 056	20 056	20 056	20 056	21 580	23 134	24 753	
Rental of facilities and equipment	15 485	15 018	17 430	18 629	18 629	18 629	18 629	18 629	20 045	21 488	22 993	
Interest earned - external investments	83 980	96 477	124 166	133 620	133 620	133 620	133 620	133 620	143 775	152 689	161 698	
Interest earned - outstanding debtors	22 204	27 178	34 999	32 175	32 175	32 175	32 175	32 175	34 651	37 257	40 021	
Dividends received	-	-	-	-	-	-	-	-	-	-	-	
Fines	5 979	7 572	5 500	10 293	7 793	7 793	7 793	7 793	8 385	8 989	9 618	
Licences and permits	15 299	14 161	14 034	22 472	12 972	12 972	12 972	12 972	13 958	14 963	16 011	
Agency services	-	-	-	-	-	-	-	-	-	-	-	
Transfers recognised - operational	723 457	812 167	948 239	1 249 333	1 078 556	1 078 556	1 078 556	1 078 556	1 319 728	1 450 381	1 703 052	
Other revenue	2	517 726	642 030	586 595	662 931	662 931	662 931	662 931	314 698	337 356	360 971	
Gains on disposal of PPE			12 084									
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>3 929 291</b>	<b>4 498 602</b>	<b>4 950 235</b>	<b>5 719 607</b>	<b>5 690 630</b>	<b>5 690 630</b>	<b>5 690 630</b>	<b>5 906 770</b>	<b>6 379 359</b>	<b>6 993 843</b>	

**MBRR Table A4 – Budgeted Financial Performance (revenue and expenditure) (Continued)**

Description R thousand	Ref	2012/13		2013/14		2014/15		Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework	
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Expenditure By Type</b>											
Employee related costs	2	982 560	1 134 596	1 192 331	1 387 619	1 425 572	1 425 572	1 531 068	1 641 305	1 754 555	
Remuneration of councillors	3	43 331	45 088	47 682	52 910	54 810	54 810	58 099	62 282	66 579	
Debt impairment	3	106 770	241 011	365 110	245 009	253 979	253 979	303 865	326 718	350 961	
Depreciation & asset impairment	2	701 504	629 728	729 880	712 213	740 930	740 930	748 339	794 736	841 625	
Finance charges											
Bulk purchases	2	1 040 113	1 110 464	1 213 642	1 377 012	1 407 012	1 407 012	1 521 587	1 645 567	1 779 730	
Other materials	8	7 763	9 743	14 607	21 622	21 622	21 622	21 622	22 486	23 881	
Contracted services										25 290	
Transfers and grants										333 178	
Other expenditure	4, 5	1 000 287	1 246 637	1 326 472	1 609 419	1 471 602	1 471 602	1 471 602	1 374 675	1 502 101	
Loss on disposal of PPE					30 408					1 753 281	
<b>Total Expenditure</b>		3 981 360	4 628 913	5 216 601	5 718 685	5 689 908	5 689 908	5 905 692	6 377 691	6 991 087	
<b>Surplus/(Deficit)</b>		(52 069)	(130 311)	(266 366)	922	922	922	1 078	1 668	2 756	
Transfers recognised - capital		510 296	734 503	615 492	850 353	850 353	850 353	848 269	892 786	969 510	
Contributions recognised - capital	6	–	–	–	–	–	–	–	–	–	
Contributed assets											
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		458 227	604 192	349 126	851 275	851 275	851 275	849 347	894 454	972 266	
Taxation											
<b>Surplus/(Deficit) after taxation</b>		458 227	604 192	349 126	851 275	851 275	851 275	849 347	894 454	972 266	
Attributable to minorities											
<b>Surplus/(Deficit) attributable to municipality</b>		458 227	604 192	349 126	851 275	851 275	851 275	849 347	894 454	972 266	
Share of surplus/ (deficit) of associate	7	3 526	54 223	22 359							
<b>Surplus/(Deficit) for the year</b>		461 753	658 414	371 485	851 275	851 275	851 275	849 347	894 454	972 266	

## **Explanatory notes to MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)**

1. Total operating revenue is R5.9 billion in 2016/17 and escalates to R6.4 billion and R7 billion by 2017/18 and 2018/19 respectively. This represents a year-on-year increase of 8 % for 2017/18 financial year and 10% for the 2018/19 financial year.
2. Revenue to be generated from property rates is R1.1 billion in the 2016/17 financial year and increases to R1.3 billion by 2018/19 which represents 17% of the operating revenue base of the City and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 7.2% and 7% for each of the respective financial years of the MTREF.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the City totalling R2.9 billion for the 2016/17 financial year and increasing to R3.4 billion by 2018/19. For the 2016/17 financial year services charges amount to 50% of the total revenue base. It slightly decrease to 49% in 2017/18 financial year and further slightly decrease to 48% in the 2018/19 financial year. Transfers recognised – operating includes the local government equitable share, fuel levy and other operating grants from national and provincial government. It needs to be noted that the grant receipts from national government increased by 10% from 2016/17 to 2017/18 financial year, it further increase by 17% from 2017/18 to 2018/19 financial year.
4. Bulk Purchases have increased from 2015/16 financial year as a result of annual increase. The amount has also increased over the 2016/17 to 2018/19 period escalating from R1.52 billion to R1.78 billion. The increases of 17% from 2016/17 to 2018/19 can be attributed to the increase in the cost of bulk electricity from Eskom and water from Amatola Water which supplies 40% of BCMM water.
5. The Employee Related Costs depicts an increase from R1.53 billion in the 2016/17 financial year to R1.75 billion in the 2018/19 financial year due to annual increase projection of CPI plus one.
6. Employee Related Costs and Bulk Purchases are the main cost drivers within the municipality. The institution has attempted to identify operational efficiencies in other

expenditure items by undertaking a line by line analysis to determine where budgeted expenditure can be reduced. This has yielded beneficial results in that General Expenditure and Contracted Services has only been projected with an annual increase of 4% in the 2016/17 financial year. Ongoing operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

**Table 23: MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

R thousand	Vote Description	Ref	2012/13				2013/14				2014/15				Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework			
			Audited Outcome		Audited Outcome		Original Budget		Adjusted Budget		Full Year Forecast		Pre-audit outcome		Budget Year 2016/17		+1 2017/18		Budget Year +2 2018/19			
			1	Audited Outcome	2	Audited Outcome	3	Audited Outcome	4	Audited Outcome	5	Audited Outcome	6	Audited Outcome	7	Audited Outcome	8	Audited Outcome	9	Audited Outcome		
<b>Capital expenditure - Vote Multi-year expenditure to be appropriated</b>																						
Vote 1 - Directorate - Executive Support Services	2	622	558	1 321	6 200	4 898	4 898	4 898	4 898	4 898	5 500	500	500	500	500	500	500	500	500			
Vote 2 - Directorate - Municipal Manager	-	944	58 744	5 452	21 500	700	700	196 391	196 391	196 391	17 522	31 678	19 000	19 000	19 000	19 000	19 000	19 000	19 000			
Vote 3 - Directorate - Human Settlement	36 692	3 544	144 733	3 282	10 000	10 752	10 752	10 752	10 752	10 752	202 441	190 530	198 127	198 127	198 127	198 127	198 127	198 127	198 127			
Vote 4 - Directorate - Chief Financial Officer	25 488	-	31 262	4 863	21 600	30 621	30 621	30 621	30 621	30 621	7 100	2 100	10 600	10 600	10 600	10 600	10 600	10 600	10 600			
Vote 5 - Directorate - Corporate Services	402 616	636 990	671 827	620 556	925 500	925 500	925 500	925 500	925 500	925 500	887 671	1 059 353	1 010 629	1 010 629	1 010 629	1 010 629	1 010 629	1 010 629	1 010 629			
Vote 6 - Directorate - Infrastructure Services	101 455	28 432	37 437	68 221	86 153	86 153	86 153	86 153	86 153	86 153	230 290	259 450	331 918	331 918	331 918	331 918	331 918	331 918	331 918			
Vote 7 - Directorate - Spatial Planning	6 358	6 744	57 333	94 204	120 054	120 054	120 054	120 054	120 054	120 054	-	-	19 817	19 817	19 817	19 817	19 817	19 817	19 817			
Vote 8 - Directorate - Health & Public Safety	20 255	87 420	-	-	-	-	-	-	-	-	-	-	122 478	101 284	137 506	137 506	137 506	137 506	137 506			
<b>Capital multi-year expenditure sub-total</b>	7	<b>593 485</b>	<b>834 638</b>	<b>930 050</b>	<b>1 275 354</b>	<b>1 390 877</b>	<b>1 558 134</b>	<b>1 720 823</b>	<b>1 777 999</b>	<b>1 777 999</b>	<b>1 777 999</b>	<b>1 777 999</b>	<b>1 777 999</b>	<b>1 777 999</b>	<b>1 777 999</b>							
<b>Total Capital Expenditure - Vote</b>	2	<b>593 485</b>	<b>834 638</b>	<b>930 050</b>	<b>1 275 354</b>	<b>1 390 877</b>	<b>1 558 134</b>	<b>1 720 823</b>	<b>1 777 999</b>	<b>1 777 999</b>	<b>1 777 999</b>	<b>1 777 999</b>	<b>1 777 999</b>	<b>1 777 999</b>	<b>1 777 999</b>							
<b>Capital Expenditure - Standard</b>																						
<i>Governance and administration</i>																						
Executive and council																						
Budget and treasury office	25 488	1 369	3 282	10 000	10 752	10 752	10 752	10 752	10 752	10 752	10 600	10 600	10 600	10 600	10 600	10 600	10 600	10 600	10 600			
Corporate services	-	30 680	4 863	21 600	30 621	30 621	30 621	30 621	30 621	30 621	7 100	2 100	2 100	2 100	2 100	2 100	2 100	2 100	2 100			
Community and public safety	44 632	134 713	165 241	305 568	265 774	265 774	265 774	265 774	265 774	265 774	276 498	255 695	255 748	255 748	255 748	255 748	255 748	255 748	255 748			
Community and social services	-	67 627	11 918	40 269	20 050	20 050	20 050	20 050	20 050	20 050	23 300	24 300	24 300	24 300	24 300	24 300	24 300	24 300	24 300			
Sport and recreation	1 582	-	4 788	32 225	33 524	33 524	33 524	33 524	33 524	33 524	30 032	30 032	30 032	30 032	30 032	30 032	30 032	30 032	30 032			
Public safety	6 358	8 386	3 751	21 650	15 809	15 809	15 809	15 809	15 809	15 809	196 391	196 391	196 391	196 391	196 391	196 391	196 391	196 391	196 391			
Housing	36 692	58 700	144 733	211 424	-	-	-	-	-	-	202 441	190 530	198 127	198 127	198 127	198 127	198 127	198 127	198 127	198 127		
Health	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Economic and environmental services	246 316	312 120	369 799	333 221	427 260	427 260	427 260	427 260	427 260	427 260	541 969	578 779	678 875	678 875	678 875	678 875	678 875	678 875	678 875			
Planning and development	101 008	28 419	37 437	68 221	86 612	86 612	86 612	86 612	86 612	86 612	274 790	304 950	389 418	389 418	389 418	389 418	389 418	389 418	389 418			
Road transport	143 551	283 701	322 624	265 000	340 649	340 649	340 649	340 649	340 649	340 649	267 179	273 829	289 457	289 457	289 457	289 457	289 457	289 457	289 457			
Environmental protection	1 757	-	9 738	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Trading services	275 981	348 551	379 734	529 266	603 331	603 331	603 331	603 331	603 331	603 331	680 946	821 471	792 676	792 676	792 676	792 676	792 676	792 676	792 676			
Electricity	65 683	104 373	150 386	158 500	164 500	164 500	164 500	164 500	164 500	164 500	143 000	163 000	171 000	171 000	171 000	171 000	171 000	171 000	171 000			
Water	71 359	71 663	91 521	91 000	110 000	110 000	110 000	110 000	110 000	110 000	87 500	95 000	140 000	140 000	140 000	140 000	140 000	140 000	140 000			
Waste water management	122 022	172 515	106 938	258 056	262 352	262 352	262 352	262 352	262 352	262 352	371 992	507 524	390 172	390 172	390 172	390 172	390 172	390 172	390 172			
Waste management	16 916	-	30 889	21 710	66 480	66 480	66 480	66 480	66 480	66 480	78 454	55 947	91 504	91 504	91 504	91 504	91 504	91 504	91 504			
Other	447	5 475	358	48 000	48 000	48 000	48 000	48 000	48 000	48 000	18 000	20 000	20 000	20 000	20 000	20 000	20 000	20 000	20 000			
<b>Total Capital Expenditure - Standard</b>	3	<b>593 485</b>	<b>834 638</b>	<b>930 050</b>	<b>1 275 354</b>	<b>1 390 877</b>	<b>1 558 134</b>	<b>1 720 823</b>	<b>1 777 999</b>	<b>1 777 999</b>	<b>1 777 999</b>	<b>1 777 999</b>	<b>1 777 999</b>	<b>1 777 999</b>	<b>1 777 999</b>	<b>1 777 999</b>						
<b>Funded by:</b>																						
National Government	515 570	722 854	565 914	742 884	702 762	702 762	702 762	702 762	702 762	702 762	741 969	842 151	969 510	969 510	969 510	969 510	969 510	969 510	969 510			
Provincial Government	-	11 649	49 578	107 469	86 850	86 850	86 850	86 850	86 850	86 850	106 300	50 635	-	-	-	-	-	-	-			
Transfers recognised - capital	4	<b>515 570</b>	<b>734 503</b>	<b>615 492</b>	<b>850 353</b>	<b>789 612</b>	<b>848 269</b>	<b>892 766</b>	<b>969 510</b>	<b>969 510</b>	<b>969 510</b>	<b>969 510</b>	<b>969 510</b>	<b>969 510</b>	<b>969 510</b>							
Public contributions & donations	5	18 146	-	-	-	-	-	-	-	-	459	459	-	-	-	-	-	-	-			
Borrowing	6	59 769	100 136	314 558	425 002	600 806	600 806	600 806	600 806	600 806	640 283	638 685	631 622	631 622	631 622	631 622	631 622	631 622	631 622			
Internally generated funds	7	<b>593 485</b>	<b>834 638</b>	<b>930 050</b>	<b>1 275 354</b>	<b>1 390 877</b>	<b>1 558 134</b>	<b>1 720 823</b>	<b>1 777 999</b>	<b>1 777 999</b>	<b>1 777 999</b>	<b>1 777 999</b>	<b>1 777 999</b>	<b>1 777 999</b>	<b>1 777 999</b>							

**Explanatory notes to MBRR Table A5 Budgeted Capital Expenditure by vote, standard classification and funding source**

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2016/17 R1.56 billion has been allocated. This allocation increases to R1.72 billion in 2017/18 and further increases to R1.78 billion in 2018/19.
3. The capital programme is funded from National and Provincial Grants (Capital Transfers), Internally Generated Funds from prior and current year surpluses and Long-Term-Borrowings. For 2016/17, Capital transfers totals R848 million (54%) and increases to R970 million by 2018/19 (55%).
4. It needs to be noted that the institution has made a strategic decision to utilize own funds to mainly replace existing infrastructure assets in the urban core of the City. The total amount of own funding is R640 million in 2016/17, slightly decreasing to R639 million in the 2017/18 financial year and further decrease to R632 million in 2018/19 financial year.
5. New long-term-borrowing has been provided for the 2016/17 financial year at R70 million, increasing to R189 million in 2017/18 and slightly decreasing to R178 million in the 2018/19 financial year.

**Table 24: MBRR Table A6 - Budgeted Financial Position**

R thousand	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>ASSETS</b>									
<b>Current assets</b>									
Cash	144 847	198 064	63 353	80 000	80 000	80 000	80 000	80 000	80 000
Call investment deposits	1 698 488	1 966 369	2 137 189	2 303 434	2 380 443	2 408 443	2 569 586	2 781 310	
Consumer debtors	1 596 220	577 370	694 805	671 946	671 946	766 947	820 635	887 234	968 919
Other debtors	67 564	67 726	85 592	98 188	98 188	98 188	108 007	118 807	130 688
Current portion of long-term receivables	14	16	18	14	14	14	14	15	17
Inventory	59 365	50 598	44 878	96 800	96 800	96 800	106 480	117 128	128 841
<b>Total current assets</b>	<b>2 566 478</b>	<b>2 860 143</b>	<b>3 025 834</b>	<b>3 250 382</b>	<b>3 327 391</b>	<b>3 422 392</b>	<b>3 524 010</b>	<b>3 772 772</b>	<b>4 089 776</b>
<b>Non current assets</b>									
Long-term receivables	43	27	9	60	60	60	66	73	80
Investments	892	—	—	—	—	—	—	—	—
Investment property	302 981	333 211	328 302	441 400	441 400	441 400	485 540	534 094	587 503
Investment in Associates	5 326	59 549	81 908	12 036 600	11 197 292	11 197 292	12 686 547	90 099	99 109
Property, plant and equipment	3 10 108 484	11 878 209	—	—	—	—	—	14 334 429	15 230 803
Agricultural	—	—	—	—	—	—	—	—	—
Biological	3 851	98 875	98 374	22 800	22 800	22 800	25 080	27 588	30 374
Intangible	61 816	64 286	66 444	75 160	75 160	75 160	82 676	90 944	100 038
Other non-current assets	10 483 353	12 434 156	12 611 638	11 736 712	11 736 712	13 225 967	14 131 803	15 086 236	16 057 818
<b>Total non current assets</b>	<b>13 049 871</b>	<b>15 284 301</b>	<b>15 637 472</b>	<b>14 987 094</b>	<b>15 064 103</b>	<b>16 644 359</b>	<b>17 655 814</b>	<b>18 859 008</b>	<b>20 147 595</b>
<b>LIABILITIES</b>									
<b>Current liabilities</b>									
Bank overdraft	1	—	—	—	—	—	—	—	—
Borrowing	4	51 637	57 416	48 835	46 097	46 097	51 825	51 794	59 561
Consumer deposits	45 519	44 838	48 505	54 050	54 050	54 050	59 455	65 401	71 941
Trade and other payables	1 033 311	855 385	741 360	774 300	774 300	774 300	851 730	936 903	1 030 593
Provisions	131 340	141 413	181 900	151 780	151 780	151 780	166 958	183 654	202 019
<b>Total current liabilities</b>	<b>1 261 827</b>	<b>1 099 052</b>	<b>1 020 600</b>	<b>1 026 227</b>	<b>1 026 227</b>	<b>1 026 227</b>	<b>1 026 227</b>	<b>1 129 968</b>	<b>1 237 751</b>
<b>Non current liabilities</b>									
Borrowing	600 830	545 999	497 244	500 418	500 418	500 418	518 175	555 216	572 522
Provisions	377 703	457 151	498 291	599 080	599 090	599 090	658 999	724 899	797 389
<b>Total non current liabilities</b>	<b>978 533</b>	<b>1 003 150</b>	<b>995 535</b>	<b>1 099 508</b>	<b>1 099 508</b>	<b>1 099 508</b>	<b>1 177 174</b>	<b>1 380 115</b>	<b>1 569 911</b>
<b>TOTAL LIABILITIES</b>	<b>2 240 360</b>	<b>2 102 202</b>	<b>2 016 135</b>	<b>2 125 735</b>	<b>2 125 735</b>	<b>2 125 735</b>	<b>2 307 142</b>	<b>2 617 866</b>	<b>2 934 025</b>
<b>NET ASSETS</b>	<b>5</b>	<b>10 809 511</b>	<b>13 192 099</b>	<b>13 621 337</b>	<b>12 861 399</b>	<b>12 938 368</b>	<b>14 522 624</b>	<b>15 348 672</b>	<b>16 241 142</b>
<b>COMMUNITY WEALTH/EQUITY</b>									
Accumulated Surplus/(Deficit)	8 393 971	9 006 244	9 384 674	10 050 576	10 127 585	11 711 841	12 256 811	12 840 095	13 472 418
Reserves	4 242 160	4 054 881	4 236 661	3 771 286	3 908 577	5 492 833	2 787 434	3 089 877	3 401 209
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>5</b>	<b>10 821 131</b>	<b>13 061 125</b>	<b>13 621 335</b>	<b>13 821 862</b>	<b>14 036 162</b>	<b>17 204 674</b>	<b>15 044 245</b>	<b>16 929 972</b>

### **Explanatory notes to Table A6 - Budgeted Financial Position**

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table A6 is supported by an extensive table of notes (SA3) providing a detailed analysis of the major components of a number of items, including:
  - Call investments deposits;
  - Consumer debtors;
  - Property, plant and equipment;
  - Trade and other payables;
  - Provisions non-current;
  - Changes in net assets; and
  - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

**Table 25: MBRR Table A7 - Budgeted Cash Flow Statement**

A thousand	Description	Ref	2012/13		2013/14		2014/15		Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	+1 2017/18	Budget Year 2018/19		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>														
Receipts														
Property rates, penalties & collection charges	580 100	582 957	794 519	831 140	884 767	884 767	884 767	1 038 701	1 113 488	1 191 432				
Service charges	1 965 059	2 198 960	2 424 753	2 471 802	2 644 096	2 644 096	2 644 096	2 708 964	2 916 030	3 137 987				
Other revenue	287 662	447 934	84 777	657 180	651 758	651 758	651 758	330 305	354 087	378 873				
Government - operating	1 723 457	812 186	948 263	1 149 387	1 078 556	1 078 556	1 078 556	1 319 728	1 450 381	1 703 052				
Government - capital	1 506 406	734 503	615 492	850 353	812 071	812 071	812 071	848 269	892 796	969 510				
Interest	1 106 184	123 654	159 221	152 531	165 794	165 794	165 794	178 426	189 946	201 719				
Dividends	-	-	-	0	0	0	0	-	-	-				
Payments														
Suppliers and employees	(2 808 957)	(3 821 719)	(3 718 728)	(4 448 581)	(4 304 041)	(4 304 041)	(4 304 041)	(4 430 013)	(4 791 638)	(5 290 190)				
Finance charges	(67 259)	(65 777)	(60 674)	(54 313)	(55 813)	(55 813)	(55 813)	(57 105)	(70 938)	(85 887)				
Transfers and Grants	1 (115 922)	(144 964)	(234 175)	(258 568)	(258 568)	(258 568)	(258 568)	(258 568)	(288 488)	(310 163)	(333 178)			
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>1 176 732</b>	<b>937 735</b>	<b>1 013 447</b>	<b>1 350 929</b>	<b>1 618 620</b>	<b>1 618 620</b>	<b>1 618 620</b>	<b>1 648 807</b>	<b>1 743 978</b>	<b>1 872 417</b>				
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>														
Receipts														
Proceeds on disposal of PPE	19 168	766	6 364	-	-	-	-	-	-	-	-			
Decrease (increase) in non-current debtors	-	-	-	14	16	-	-	-	-	-	-			
Decrease (increase) other non-current receivables	13	892	-	(36)	-	-	-	-	-	-	-			
Decrease (increase) in non-current investments	(36)	-	-	-	-	-	-	-	-	-	-			
Payments														
Capital assets	(608 431)	(588 536)	(930 050)	(1 275 354)	(1 390 877)	(1 390 877)	(1 390 877)	(1 390 877)	(1 558 134)	(1 720 823)	(1 777 999)			
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(590 286)</b>	<b>(566 864)</b>	<b>(923 670)</b>	<b>(1 275 354)</b>	<b>(1 390 877)</b>	<b>(1 390 877)</b>	<b>(1 390 877)</b>	<b>(1 390 877)</b>	<b>(1 558 134)</b>	<b>(1 720 823)</b>	<b>(1 777 999)</b>			
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>														
Receipts														
Short term loans	-	-	-	-	-	-	-	-	-	-	-			
Borrowing long term/refinancing	(278 943)	8 599	(681)	3 667	-	-	-	-	-	-	-			
Increase (decrease) in consumer deposits														
Payments														
Repayment of borrowing	5 243	(49 072)	(57 336)	(46 097)	(46 097)	(46 097)	(46 097)	(51 825)	(51 784)	(59 561)				
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(265 100)</b>	<b>(49 753)</b>	<b>(53 669)</b>	<b>(46 097)</b>	<b>(46 097)</b>	<b>(46 097)</b>	<b>(46 097)</b>	<b>17 757</b>	<b>137 588</b>	<b>117 306</b>				
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>321 346</b>	<b>321 118</b>	<b>36 108</b>	<b>29 477</b>	<b>181 645</b>	<b>181 645</b>	<b>181 645</b>	<b>108 430</b>	<b>160 713</b>	<b>211 724</b>				
Cash/cash equivalents at the year begin:	2 1 521 969	1 843 315	2 164 433	2 383 434	2 200 541	2 380 443	2 380 443	2 380 443	2 488 873	2 488 873	2 649 586			
Cash/cash equivalents at the year end:	2 1 843 315	2 164 433	2 200 541	2 383 434	2 380 443	2 380 443	2 380 443	2 488 873	2 488 873	2 649 586	2 661 310			

**Explanatory notes to Table A7 - Budgeted Cash Flow Statement**

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the City grew significantly over the prior financial periods.
4. The cash and cash equivalents increases from R2.4 billion in the 2015/16 period escalating to R2.5 billion in the 2016/17 financial year and culminating in R2.9 billion in the 2018/19 financial year. The increase can be attributed to the depreciation that is cash-backed and the City will release this funding in the near future when its capacity to spend has achieved its desired level.

**Table 26: MBRR Table A8 – Cash Backed Reserves/Accumulated Surplus Reconciliation**

R thousand	Description	Ref	2012/13			2013/14			2014/15			Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19						
<b>Cash and investments available</b>																	
Cash/vash equivalents at the year end	1	1 843 315	2 164 433	2 200 541	2 363 434	2 380 443	2 380 443	2 380 443	2 488 873	2 649 586	2 861 310						
Other current investments > 90 days		0	0	0	0	80 000	80 000	80 000	-	-	-						
Non current assets - Investments	1	892	-	-	-	-	-	-	-	-	-						
<b>Cash and investments available:</b>		1 844 207	2 164 433	2 200 541	2 363 434	2 460 443	2 460 443	2 460 443	2 488 873	2 649 586	2 861 310						
<b>Application of cash and investments</b>																	
Unspent conditional transfers		460 596	213 718	205 715	112 800	112 800	112 800	112 800	124 080	136 488	150 137						
Unspent borrowing		-	-	-	-	-	-	-	-	-	-						
Statutory requirements	2	(29 673)	42 927	(129 460)	(41 821)	(57 441)	(57 441)	(146 120)	(124 706)	(122 981)	(128 817)						
Other working capital requirements	3	180 396	184 142	176 668	251 610	251 610	251 610	251 610	276 800	304 480	304 480						
Other provisions	4	-	-	-	-	-	-	-	-	-	-						
Long term investments committed	5																
Reserves to be backed by cash/investments																	
<b>Total Application of cash and investments:</b>		611 319	440 786	252 922	322 589	306 969	306 969	306 969	218 290	276 174	317 987	325 800					
<b>Surplus/(shortfall)</b>		1 232 888	1 723 647	1 947 619	2 060 845	2 153 474	2 153 474	2 153 474	2 212 699	2 331 599	2 535 509						

### **Explanatory notes to Table A8 – Cash Backed Reserves/Accumulated Surplus Reconciliation**

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2016/17 to 2018/19 the surplus improves from R2.2 billion to R2.5 billion.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the 2016/17 MTREF is funded with a slight surplus.
7. As part of the budgeting and planning guidelines that informed the compilation of the 2016/17 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

**Table 27: MBRR Table A9 – Asset Management**

R thousand	Description	Ref	2012/13		2013/14		2014/15		Current Year - 2015/16		2016/17 Medium Term Revenue & Expenditure Framework	
			Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19		
<b>CAPITAL EXPENDITURE</b>												
<b>Total New Assets</b>	1	456 030	751 379	427 751	529 928	529 598	753 834	757 422	757 422	843 094		
<i>Infrastructure - Road transport</i>		114 859	282 801	116 893	20 000	20 000	105 080	105 829	105 829	56 457		
<i>Infrastructure - Electricity</i>		76 432	103 228	38 944	66 500	66 500	43 000	53 000	53 000	51 000		
<i>Infrastructure - Water</i>		12 852	–	–	–	–	–	–	–	–		
<i>Infrastructure - Sanitation</i>		132 510	177 056	–	–	–	–	–	–	–		
<i>Infrastructure - Other</i>		43 898	29 867	57 324	71 710	100 662	100 662	268 243	268 614	401 397		
<b>Infrastructure</b>		360 551	592 952	213 161	158 210	187 162	187 162	417 323	427 443	508 854		
<b>Community</b>		6 028	48 041	20 706	35 069	18 300	18 300	21 000	21 000	21 000		
<b>Investment properties</b>		–	58 680	145 316	211 274	195 880	195 880	201 941	190 030	197 627		
<b>Other assets</b>		6 69 451	51 706	48 568	125 375	128 256	128 256	113 570	118 949	115 614		
<b>Total Renewal of Existing Assets</b>	2	137 455	83 260	502 299	745 427	861 279	861 279	904 300	963 401	934 904		
<i>Infrastructure - Road transport</i>		93 681	–	212 002	245 000	320 649	320 649	161 099	168 000	233 000		
<i>Infrastructure - Electricity</i>		–	–	79 984	92 000	98 000	98 000	100 000	110 000	120 000		
<i>Infrastructure - Water</i>		39 887	68 763	90 752	91 000	110 000	110 000	87 500	95 000	140 000		
<i>Infrastructure - Sanitation</i>		2 561	–	–	–	–	–	371 492	507 024	389 172		
<i>Infrastructure - Other</i>		–	11 762	107 707	258 056	262 352	262 352	–	–	–		
<b>Infrastructure</b>		136 129	80 525	490 455	686 056	791 000	791 000	720 091	880 024	882 172		
<b>Community</b>		6 1 060	2 345	4 788	30 700	27 759	27 759	19 855	20 177	20 832		
<b>Other assets</b>		6 266	390	7 056	28 671	42 519	42 519	64 355	63 200	31 900		
<b>Total Capital Expenditure</b>	4	208 540	282 801	328 884	265 000	340 649	340 649	267 179	273 829	289 457		
<i>Infrastructure - Road transport</i>		76 432	103 228	118 988	158 500	164 500	164 500	143 000	163 000	171 000		
<i>Infrastructure - Electricity</i>		52 739	68 763	90 752	91 000	110 000	110 000	87 500	95 000	140 000		
<i>Infrastructure - Water</i>		135 071	177 056	–	–	–	–	371 492	507 024	389 172		
<i>Infrastructure - Sanitation</i>		43 898	41 629	165 031	329 766	363 014	363 014	268 243	268 614	401 397		
<i>Infrastructure - Other</i>		516 680	673 477	703 616	844 266	978 163	978 163	1 137 413	1 307 467	1 397 026		
<b>Community</b>		7 098	50 386	25 494	65 769	46 059	46 059	40 855	41 177	41 832		
<b>Heritage assets</b>		–	–	–	–	–	–	–	–	–		
<b>Investment properties</b>		–	58 680	145 316	211 274	195 880	195 880	201 941	190 030	197 627		
<b>Other assets</b>		69 717	52 096	55 624	154 046	170 775	170 775	177 925	182 149	147 514		
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	2	593 485	834 638	930 050	1 275 354	1 390 877	1 390 877	1 558 134	1 720 823	1 777 999		

MBRR Table A9 – Asset Management (Continued)

R thousand	Description	Ref	2012/13		2013/14		2014/15		Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework	
			Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	+1 2017/18	Budget Year 2018/19		
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>												
	<i>Infrastructure - Road transport</i>	5	4 380 374	3 843 298	4 429 858	1 635 518	1 635 518	1 781 687	1 922 406	2 065 441		
	<i>Infrastructure - Electricity</i>		1 404 499	1 666 848	1 785 115	1 682 635	1 682 635	1 700 142	1 725 100	1 744 254		
	<i>Infrastructure - Water</i>		1 237 951	2 069 259	2 112 739	1 511 164	1 511 164	1 551 349	1 594 302	1 677 051		
	<i>Infrastructure - Sanitation</i>		1 125 476	1 495 827	1 641 539	1 713 536	1 713 536	2 052 001	2 522 695	2 871 905		
	<i>Infrastructure - Other</i>		–	789 508	–	2 961 380	2 961 380	3 204 106	3 444 652	3 815 173		
	<i>Infrastructure</i>		8 148 300	9 864 740	9 969 251	9 504 233	9 504 233	10 289 285	11 209 755	12 173 823		
	<i>Community</i>		629 330	498 196	482 721	416 737	415 737	436 663	455 918	473 636		
	<i>Heritage assets</i>		40 181	49 633	49 633	43 955	43 955	43 955	43 955	43 955		
	<i>Investment properties</i>		302 981	333 211	328 302	441 400	441 400	485 540	534 094	587 503		
	<i>Other assets</i>		1 411 752	1 465 644	1 534 995	1 102 889	1 102 889	1 238 313	1 373 711	1 469 799		
	<i>Agricultural Assets</i>		–	–	–	–	–	–	–	–		
	<i>Biological assets</i>		–	–	–	–	–	–	–	–		
	<i>Intangibles</i>		3 851	98 875	98 374	22 800	22 800	22 800	25 080	27 588	30 374	
	<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	10 536 394	12 310 299	12 463 276	11 531 014	11 531 014	12 516 836	13 644 420	14 779 091		
<b>EXPENDITURE OTHER ITEMS</b>												
	<i>Depreciation &amp; asset impairment</i>		701 504	629 728	729 880	712 213	740 930	740 930	748 339	794 736	841 625	
	<i>Repairs and Maintenance by Asset Class</i>	3	263 702	285 686	284 054	372 010	372 010	414 791	456 270	501 897		
	<i>Infrastructure - Road transport</i>		62 067	62 764	84 037	108 529	108 529	121 010	133 111	146 422		
	<i>Infrastructure - Electricity</i>		100 347	103 884	90 862	112 550	112 550	125 493	138 042	151 846		
	<i>Infrastructure - Water</i>		26 976	30 886	34 412	42 435	42 435	47 315	52 047	57 251		
	<i>Infrastructure - Sanitation</i>		19 486	23 221	24 862	29 620	29 620	33 027	36 329	39 962		
	<i>Infrastructure - Other</i>		11 948	15 494	17 116	22 885	22 885	25 517	28 068	30 875		
	<i>Infrastructure</i>		220 824	236 228	251 289	316 019	316 019	352 361	387 597	426 357		
	<i>Community</i>		19 435	22 165	12 495	17 874	17 874	19 929	21 922	24 114		
	<i>Other assets</i>		23 443	27 293	20 271	38 117	38 117	42 501	46 751	51 426		
	<b>TOTAL EXPENDITURE OTHER ITEMS</b>	6,7	965 206	915 414	1 013 934	1 084 223	1 112 939	1 163 130	1 251 006	1 343 522		
	<i>Renewal of Existing Assets as % of total capex</i>		23,2%	10,0%	54,0%	58,4%	61,9%	51,6%	56,0%	52,6%		
	<i>Renewal of Existing Assets as % of depreci"</i>		19,6%	13,2%	68,8%	104,7%	116,2%	107,5%	121,2%	111,1%		
	<i>R&amp;M as a % of PPE</i>		2,6%	2,4%	2,4%	3,3%	3,3%	3,1%	3,2%	3,3%		
	<i>Renewal and R&amp;M as a % of PPE</i>		4,0%	3,0%	6,0%	10,0%	11,0%	10,0%	10,0%	10,0%		

### **Explanatory notes to Table A9 – Asset Management**

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. In the 2016/17 financial year BCMM has allocated 51.6 % of its capital budget towards asset renewal and 3.1% for Repairs and Maintenance as a percentage of PPE, which is at current replacement value and this grows to 3.3% of PPE in the outer year.
3. National Treasury has recommended that municipalities should allocate at least 40% of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8% of PPE. It should be borne in mind that Buffalo City Metropolitan Municipality budgets has valued certain of its assets on the revaluation model and therefore the above percentage allocations should be adjusted accordingly to reflect the increase in asset values due to different valuation methodologies. The City has taken a strategic decision to move in the direction of allocating 60% of its capital budget to replacing and/or refurbishment of existing infrastructure.

**Table 28: MBRRA Table A10 – Basic Service Delivery Measurement**

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
				Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17
<b>Household service targets</b>									
<u>Water:</u>									
Piped water inside dwelling	104 000	103 000	118 000	118 000	118 000	118 000	118 000	118 000	118 000
Piped water inside y and (but not in dwelling)	–	–	–	–	–	–	–	–	–
Using public tap (at least min. service level)	120 000	120 000	103 000	103 000	104 000	104 000	104 000	104 000	106 000
Other water supply (at least min. service level)	5 093	5 093	–	–	–	–	–	–	–
<b>Using public tap (&lt; min. service level)</b>	<b>239 093</b>	<b>228 093</b>	<b>221 000</b>	<b>221 000</b>	<b>222 000</b>	<b>222 000</b>	<b>222 000</b>	<b>222 000</b>	<b>224 000</b>
Other water supply (< min. service level)	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000
No water supply	–	–	–	–	–	–	–	–	–
<b>Total number of households</b>	<b>233 093</b>	<b>232 093</b>	<b>224 000</b>	<b>224 000</b>	<b>224 000</b>	<b>224 000</b>	<b>224 000</b>	<b>224 000</b>	<b>226 000</b>
<b>Sanitation/sewage:</b>									
Flush toilet (connected to sewerage)	120 355	154 387	155 034	156 336	156 336	156 636	157 336	157 336	157 636
Flush toilet (with septic tank)	1 341	5 428	5 437	5 437	5 437	5 437	5 437	5 437	5 437
Chemical toilet	–	3 544	3 544	3 544	3 544	3 544	3 544	3 544	3 544
Pit toilet (entailed)	22 398	11 682	20 440	26 639	26 639	26 639	27 639	27 639	28 139
Other toilet provisions (> min. service level)	–	–	–	–	–	–	–	–	–
<b>Total number of households</b>	<b>144 094</b>	<b>175 241</b>	<b>184 455</b>	<b>191 956</b>	<b>191 956</b>	<b>191 956</b>	<b>192 956</b>	<b>192 956</b>	<b>194 956</b>
<u>Bucket toilet</u>									
Other toilet provisions (< min. service level)	–	–	–	–	–	–	–	–	–
No toilet provisions	48 118	23 374	13 324	5 585	5 585	5 585	4 585	3 585	2 585
<b>Total number of households</b>	<b>192 212</b>	<b>223 568</b>	<b>223 568</b>	<b>223 568</b>	<b>223 568</b>	<b>223 568</b>	<b>223 568</b>	<b>223 568</b>	<b>223 568</b>
<b>Energy:</b>									
Electricity (at least min. service level)	10 000	9 000	8 923	8 846	8 846	8 846	8 846	8 846	8 846
Electricity - prepaid (min. service level)	105 000	106 000	109 623	113 245	113 245	113 245	113 245	113 245	113 245
<b>Total number of households</b>	<b>115 000</b>	<b>115 000</b>	<b>118 546</b>	<b>122 091</b>	<b>122 091</b>	<b>122 091</b>	<b>122 091</b>	<b>122 091</b>	<b>122 091</b>
<u>Electricity:</u>									
Electricity (< min. service level)	8 846	7 298	7 463	7 463	7 463	7 463	7 463	7 463	7 463
Electricity - prepaid (min. service level)	108 082	119 632	122 090	123 590	123 590	123 590	125 080	125 080	128 090
Other energy sources	–	–	–	–	–	–	–	–	–
<b>Total number of households</b>	<b>116 928</b>	<b>127 130</b>	<b>129 553</b>	<b>131 053</b>	<b>131 053</b>	<b>131 053</b>	<b>132 553</b>	<b>132 553</b>	<b>135 553</b>
<u>Refuse:</u>									
Removed at least once a week	119 000	119 000	170 023	130 000	130 000	130 000	275 000	275 000	275 000
Removed less frequently than once a week	119 000	119 000	170 023	130 000	130 000	130 000	275 000	275 000	275 000
Using communal refuse dump	1 980	1 980	1 980	1 980	1 980	1 980	2 000	2 000	2 000
Using own refuse dump	2	2	2	2	2	2	2	2	2
Other rubbish disposal	1	1	1	3	3	3	1	1	1
No rubbish disposal	3	3	3	3	3	3	6	6	6
<b>Total number of households</b>	<b>1 986</b>	<b>1 986</b>	<b>1 986</b>	<b>1 988</b>	<b>1 988</b>	<b>1 988</b>	<b>2 009</b>	<b>2 009</b>	<b>2 009</b>
<u>Below Minimum Service Level sub-total</u>	<b>120 986</b>	<b>120 986</b>	<b>172 009</b>	<b>131 988</b>	<b>131 988</b>	<b>131 988</b>	<b>277 009</b>	<b>277 009</b>	<b>277 009</b>

**MBRR Table A10 – Basic Service Delivery Measurement - Continue**

Description	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework				
	2012/13	2013/14	2014/15	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Households receiving Free Basic Service</b>									
Water (6 kilolitres per household per month)	43 134	44 214	58 797	59 998	3 500	63 498	66 998	70 498	73 998
Sanitation (free minimum level service)	43 134	44 214	58 797	59 998	3 500	63 498	66 998	70 498	73 998
Electricity/other energy (50kwh per household per month)	60 610	61 960	76 891	78 112	3 779	81 891	86 891	91 891	96 891
Refuse (removed at least once a week)	43 134	44 214	58 797	59 998	3 500	63 498	66 998	70 498	73 998
<b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>									
Water (6 kilolitres per indigent household per month)	-	-	-	-	-	-	-	-	-
Sanitation (fee sanitation service to indigent households)	-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)	-	-	-	-	-	-	-	-	-
Refuse (removed once a week for indigent households)	-	-	-	-	-	-	-	-	-
<b>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</b>									
Total cost of FBS provided	-	-	-	-	-	-	-	-	-
<b>Highest level of free service provided per household</b>									
Property rates (R value threshold)	150 000	150 000	150 000	151 240	151 240	151 240	151 240	151 240	151 240
Water (kilolitres per household per month)	6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)	-	-	-	-	-	-	-	-	-
Sanitation (Rand per household per month)	65	72	72	97	97	97	97	97	97
Electricity (kwh per household per month)	50	50	50	50	50	50	50	50	50
Refuse (average litres per week)	170	170	170	170	170	170	170	170	170
<b>Revenue cost of subsidised services provided (R'000)</b>									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)									
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)	22 767	26 216	23 198	34 301	34 301	34 301	38 246	42 644	47 549
Water (in excess of 6 kilolitres per indigent household per month)	-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)	-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)	-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)	-	-	-	-	-	-	-	-	-
Municipal Housing - top structure subsidies	6 061	8 254	-	13 788	13 788	-	-	-	-
Housing - top structure subsidies	28 828	34 471	23 198	48 089	48 089	34 301	38 246	42 644	47 549
Total revenue cost of subsidised services provided	28 828	34 471	23 198	48 089	48 089	34 301	38 246	42 644	47 549

**Table 29: MBRR Table A1 – Consolidated Budget Summary**

R thousands	Description	Current Year 2015/16						2016/17 Medium Term Revenue & Expenditure Framework			
		2012/13		2013/14		2014/15		Budget Year	Budget Year	Budget Year	Budget Year
		Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	2016/17	+1 2017/18	+2 2018/19	
<b>Financial Performance</b>											
Property rates	580 100	672 957	794 519	903 413	953 413	953 413	953 413	1 122 920	1 203 770	1 288 034	
Service charges	1 965 059	2 198 960	2 424 753	2 686 741	2 790 741	2 790 741	2 790 741	2 928 610	3 152 465	3 391 445	
Investment revenue	84 021	96 522	124 222	133 685	133 685	133 685	133 685	143 844	152 762	161 775	
Transfers recognised - operational	723 457	812 167	948 239	1 249 333	1 078 556	1 078 556	1 078 556	1 319 728	1 450 381	1 703 062	
Other own revenue	576 696	718 042	658 558	746 500	734 500	734 500	734 500	734 500	422 531	453 282	
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>3 929 334</b>	<b>4 498 647</b>	<b>4 950 291</b>	<b>5 719 672</b>	<b>5 690 895</b>	<b>5 690 895</b>	<b>5 690 895</b>	<b>5 690 895</b>	<b>5 907 039</b>	<b>6 381 910</b>	<b>6 997 588</b>
Employee costs	982 560	1 134 596	1 192 331	1 387 619	1 425 572	1 425 572	1 425 572	1 531 068	1 641 305	1 754 555	
Remuneration of councillors	43 331	45 088	47 682	52 910	54 810	54 810	54 810	58 099	62 282	66 579	
Depreciation & asset impairment	701 504	629 728	729 880	712 213	740 930	740 930	740 930	748 339	794 736	841 625	
Finance charges	-	65 775	60 671	54 313	55 813	55 813	55 813	57 105	70 938	85 887	
Materials and bulk purchases	1 040 113	1 110 464	1 213 642	1 377 012	1 407 012	1 407 012	1 407 012	1 521 587	1 645 567	1 779 730	
Transfers and grants	99 031	145 871	235 798	258 568	258 568	258 568	258 568	288 468	310 163	333 178	
Other expenditure	1 085 328	1 497 436	1 736 654	1 876 115	1 747 268	1 747 268	1 747 268	1 701 295	1 855 251	2 133 277	
<b>Total Expenditure</b>	<b>3 951 868</b>	<b>4 628 359</b>	<b>5 216 657</b>	<b>5 718 750</b>	<b>5 689 973</b>	<b>5 689 973</b>	<b>5 689 973</b>	<b>5 689 973</b>	<b>5 905 961</b>	<b>6 380 242</b>	<b>6 994 832</b>
<b>Surplus/(Deficit)</b>	<b>(225 534)</b>	<b>(130 311)</b>	<b>(266 366)</b>	<b>922</b>	<b>922</b>	<b>922</b>	<b>922</b>	<b>1 078</b>	<b>1 668</b>	<b>2 756</b>	
Transfers recognised - capital	510 296	734 503	615 492	850 353	850 353	850 353	850 353	848 269	892 786	969 510	
Contributions recognised - capital & contributed as contributions	-	-	-	-	-	-	-	-	-	-	
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>487 762</b>	<b>604 192</b>	<b>349 126</b>	<b>851 275</b>	<b>851 275</b>	<b>851 275</b>	<b>851 275</b>	<b>849 347</b>	<b>894 454</b>	<b>972 266</b>	
Share of surplus / (deficit) of associate	3 526	54 223	22 359	-	-	-	-	-	-	-	
<b>Surplus/(Deficit) for the year</b>	<b>491 288</b>	<b>658 414</b>	<b>371 485</b>	<b>851 275</b>	<b>851 275</b>	<b>851 275</b>	<b>851 275</b>	<b>849 347</b>	<b>894 454</b>	<b>972 266</b>	
<b>Capital expenditure &amp; funds sources</b>											
<b>Capital expenditure</b>	593 485	834 638	930 050	1 275 354	1 390 877	1 390 877	1 390 877	1 558 134	1 720 823	1 777 999	
Transfers recognised - capital	515 570	734 503	615 492	850 353	789 612	789 612	789 612	848 269	892 786	969 510	
Public contributions & donations	-	-	-	-	459	459	459	-	-	-	
Borrowing	18 146	-	-	-	-	-	-	69 582	189 352	176 867	
Internally generated funds	59 769	100 136	314 558	425 002	600 806	600 806	600 806	640 283	638 685	631 622	
<b>Total sources of capital funds</b>	<b>593 485</b>	<b>834 638</b>	<b>930 050</b>	<b>1 275 354</b>	<b>1 390 877</b>	<b>1 390 877</b>	<b>1 390 877</b>	<b>1 558 134</b>	<b>1 720 823</b>	<b>1 777 999</b>	

**MBRR Table A1 – Consolidated Budget Summary (Continued)**

Description	2012/13			2013/14			2014/15			Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19		
<b>R thousands</b>															
<b>Financial position</b>															
Total current assets	2 566 478	2 861 864	3 027 605	3 252 153	3 329 162	3 329 162	3 424 163	3 526 081	3 774 876	4 091 916					
Total non current assets	10 483 393	12 434 158	12 611 638	11 736 712	11 736 712	11 736 712	13 225 967	14 132 023	15 086 336	16 057 818					
Total current liabilities	1 261 827	1 099 654	1 021 066	1 026 227	1 026 227	1 026 227	1 026 227	1 026 227	1 131 155	1 240 316	1 368 270				
Total non current liabilities	978 533	1 003 250	995 635	1 099 608	1 099 608	1 099 608	1 099 608	1 099 608	1 177 274	1 380 215	1 570 011				
Community wealth/Equity	10 821 131	13 061 125	13 621 335	13 821 862	14 036 162	14 036 162	17 204 674	15 044 245	15 929 972	16 873 627					
<b>Cash flows</b>															
Net cash from (used) operating	1 176 773	957 780	1 013 503	1 350 994	1 618 685	1 618 685	1 630 830	1 722 283	1 848 146						
Net cash from (used) investing	(590 283)	(586 864)	(923 670)	(1 275 354)	(1 390 877)	(1 390 877)	(1 390 877)	(1 558 134)	(1 720 823)	(1 777 999)					
Net cash from (used) financing	(265 100)	(49 753)	(53 669)	(46 097)	(46 097)	(46 097)	(46 097)	(46 097)	137 558	117 306					
Cash/cash equivalents at the year end	1 844 648	2 166 101	2 202 291	2 385 242	2 382 251	2 382 251	2 382 251	2 382 251	2 472 639	2 611 657	2 799 109				
<b>Cash backlog/surplus reconciliation</b>															
Cash and investments avaiable	1 844 207	2 166 126	2 202 285	2 385 178	2 462 186	2 462 186	2 490 886	2 490 886	2 651 599	2 863 323					
Application of cash and investments	611 320	441 373	253 364	322 564	306 943	306 943	218 264	277 333	320 932	330 544					
Balance - surplus (shortfall)	1 232 887	1 724 754	1 948 921	2 062 614	2 155 243	2 155 243	2 243 922	2 213 552	2 330 667	2 532 779					
<b>Asset management</b>															
Asset register summary (WDV)	10 536 394	12 310 299	12 463 276	11 531 014	11 531 014	11 531 014	12 510 836	12 510 836	13 644 420	14 779 091					
Depreciation & asset impairment	701 504	629 728	729 880	712 213	740 930	740 930	748 339	748 339	794 736	841 625					
Renewal of Existing Assets	137 455	83 260	502 299	745 427	861 279	861 279	861 279	861 279	963 401	934 904					
Repairs and Maintenance	263 702	285 686	284 054	372 010	372 010	372 010	414 791	414 791	456 270	501 897					
<b>Free services</b>															
Cost of Free Basic Services provided	–	–	–	–	–	–	–	–	–	–					
Revenue cost of free services provided	28 626	34 471	23 198	48 089	48 089	34 301	38 246	38 246	42 644	47 549					
<b>Households below minimum service level</b>															
Waer	4	4	3	3	2	2	2	2	2	2					
Sanitation/sewage	48	48	39	32	32	31	31	31	30	29					
Energy	117	127	130	131	131	131	133	133	134	136					
Refuse	2	2	2	2	2	2	2	2	2	2					

**Table 30: MBRR Table A4 – Consolidated Budgeted Financial Performance (Revenue and Expenditure)**

Description R thousand	Ref	2012/13		2013/14		2014/15		Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19			
<b>Revenue By Source</b>															
Property rates	2	580 100	672 957	794 519	902 842	952 842	952 842	1 122 920	1 203 770	1 288 034					
Property rates - penalties & collection charges					571	571	571	571	571	571					
Service charges - electricity revenue	2	1 266 660	1 383 884	1 465 814	1 658 671	1 758 671	1 758 671	1 815 256	1 953 942	2 103 223					
Service charges - water revenue	2	271 026	325 360	394 282	411 381	411 381	411 381	444 291	479 346	517 310					
Service charges - sanitation revenue	2	223 023	248 673	278 832	314 571	314 571	314 571	339 107	364 540	390 787					
Service charges - refuse revenue	2	198 898	228 895	261 807	286 063	286 063	286 063	286 063	308 375	331 504	355 372				
Service charges - other					24 018	16 056	20 056	20 056	21 580	23 134	24 753				
Rental of facilities and equipment					15 452	12 149	17 430	18 629	18 629	18 629	20 045	21 488	22 993		
Interest earned - external investments					84 021	96 522	124 222	133 685	133 685	133 685	143 844	152 762	161 775		
Interest earned - outstanding debtors					22 204	27 178	34 999	32 175	32 175	32 175	34 651	37 257	40 021		
Dividends received					-	-	-	-	-	-	-	-	-		
Fines		5 979	7 572	5 500	10 293	7 793	7 793	7 793	8 385	8 989	9 618				
Licences and permits		15 299	14 161	14 034	22 472	12 972	12 972	12 972	13 958	14 963	16 011				
Agency services					723 457	812 167	948 239	1 249 333	1 078 556	1 078 556	1 319 728	1 450 381	1 703 052		
Transfers recognised - operational					2	517 728	642 030	586 595	662 931	662 931	662 931	314 898	339 894	364 639	
Gains on disposal of PPE						12 084									
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>3 929 334</b>	<b>4 498 647</b>	<b>4 950 291</b>	<b>5 719 672</b>	<b>5 690 895</b>	<b>5 690 895</b>	<b>5 690 895</b>	<b>5 907 039</b>	<b>6 381 910</b>	<b>6 997 588</b>				

**MBRR Table A4 – Consolidated Budgeted Financial Performance (Revenue and Expenditure) (Continued)**

Description	Ref	2012/13		2013/14		2014/15		Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework		
		Audited	Outcome	Audited	Outcome	Original	Adjusted	Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	+1 2017/18
<b>R thousand</b>												
<b>Expenditure By Type</b>												
Employee related costs	2	982 560	1 134 596	1 192 331	1 387 619	1 425 572	1 425 572	1 425 572	1 531 068	1 641 305	1 754 555	
Remuneration of councillors	3	49 331	45 088	47 682	52 910	54 810	54 810	54 810	58 099	62 282	66 579	
Debt impairment	2	106 770	241 011	365 110	245 009	253 979	253 979	253 979	303 865	326 718	350 961	
Depreciation & asset impairment	2	701 504	629 728	729 880	712 213	740 930	740 930	740 930	748 339	794 736	841 625	
Finance charges	2	65 775	60 671	54 313	55 813	55 813	55 813	55 813	57 105	70 938	85 887	
Bulk purchases	2	1 040 113	1 110 464	1 213 642	1 377 012	1 407 012	1 407 012	1 407 012	1 521 587	1 645 567	1 779 730	
Other materials	8	7 763	9 743	14 607	21 622	21 622	21 622	21 622	21 622	22 486	23 881	25 290
Contracted services	99 031	145 871	235 798	258 568	258 568	258 568	258 568	258 568	288 468	310 163	333 178	
Transfers and grants	4, 5	970 795	1 246 682	1 326 528	1 609 484	1 471 667	1 471 667	1 471 667	1 374 944	1 504 652	1 757 027	
Other expenditure				30 408								
Loss on disposal of PPE												
<b>Total Expenditure</b>		3 951 868	4 628 959	5 216 657	5 718 750	5 689 973	5 689 973	5 689 973	5 905 961	6 380 242	6 994 832	
<b>Surplus/(Deficit)</b>		(22 534)	(130 311)	(266 366)	922	922	922	922	922	1 078	1 668	2 756
Transfers recognised - capital	510 296	734 503	615 492	850 353	850 353	850 353	850 353	850 353	848 269	892 786	969 510	
Contributions recognised - Capital	6	-	-	-	-	-	-	-	-	-	-	
Contributed assets												
Surplus/(Deficit) after capital transfers & contributions	487 762	604 192	349 126	851 275	851 275	851 275	851 275	851 275	849 347	894 454	972 266	
Taxation	487 762	604 192	349 126	851 275	851 275	851 275	851 275	851 275	849 347	894 454	972 266	
Surplus/(Deficit) after taxation												
Attributable to minorities												
Surplus/(Deficit) attributable to municipality	487 762	604 192	349 126	851 275	851 275	851 275	851 275	851 275	849 347	894 454	972 266	
Share of surplus/ (deficit) of associate	7	3 526	54 223	22 359								
Surplus/(Deficit) for the year		491 288	658 414	371 485	851 275	851 275	851 275	851 275	849 347	894 454	972 266	

**Table 31: MBRR Table A6 – Consolidated Budgeted Financial Position**

	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>ASSETS</b>										
Current assets										
Cash	144 847	198 544	63 833	80 444	80 444	80 444	80 444	80 644	80 644	80 644
Call investment deposits	1 698 488	1 967 582	2 138 453	2 304 734	2 381 743	2 381 743	2 381 743	2 410 242	2 570 955	2 782 679
Consumer debtors	1 596 220	577 370	694 805	671 946	671 946	671 946	671 946	820 635	887 234	968 919
Other debtors	67 564	67 753	85 619	98 215	98 215	98 215	98 215	108 064	118 898	130 815
Current portion of long-term receivables	14	16	18	14	14	14	14	15	17	19
Inventory	2 59 395	50 598	44 878	96 800	96 800	96 800	96 800	106 480	117 128	128 841
<b>Total current assets</b>	<b>2 566 476</b>	<b>2 851 664</b>	<b>3 027 605</b>	<b>3 252 153</b>	<b>3 329 162</b>	<b>3 329 162</b>	<b>3 424 163</b>	<b>3 526 081</b>	<b>3 774 876</b>	<b>4 091 916</b>
Non current assets										
Long-term receivables	43	27	9	60	60	60	60	66	73	80
Investments	892	—	—	—	—	—	—	—	—	—
Investment property	302 981	333 211	328 302	441 400	441 400	441 400	441 400	485 540	534 094	587 503
Investment in Associate	5 326	59 549	81 908	—	—	—	—	90 099	99 109	109 020
Property, plant and equipment	3 10 108 494	11 878 209	12 036 600	11 197 292	11 197 292	12 686 547	12 686 547	13 448 562	14 334 529	15 230 803
Agricultural	—	—	—	—	—	—	—	—	—	—
Biological	3 851	98 875	98 374	22 800	22 800	22 800	22 800	25 080	27 588	30 374
Intangible	61 816	64 286	66 444	75 160	75 160	75 160	75 160	82 676	90 944	100 038
Other non-current assets	10 483 393	12 434 158	12 611 638	11 736 712	11 736 712	13 225 967	14 132 023	15 066 336	16 057 818	17 057 818
<b>Total non current assets</b>	<b>13 049 871</b>	<b>15 296 022</b>	<b>15 639 243</b>	<b>14 988 865</b>	<b>15 065 874</b>	<b>15 065 874</b>	<b>16 650 130</b>	<b>17 656 103</b>	<b>18 861 212</b>	<b>20 149 735</b>
<b>LIABILITIES</b>										
Current liabilities										
Bank overdraft	1	—	—	46 097	46 097	46 097	46 097	51 825	51 794	59 561
Borrowing	4	51 657	57 416	48 835	48 835	54 050	54 050	59 455	65 401	71 941
Consumer deposits	45 519	44 838	48 505	54 050	54 050	54 050	54 050	852 917	939 468	1 034 749
Trade and other payables	1 033 311	855 997	741 826	774 300	774 300	774 300	774 300	151 780	166 958	183 654
Provisions	131 340	141 413	181 900	151 780	151 780	151 780	151 780	—	—	—
<b>Total current liabilities</b>	<b>1 261 827</b>	<b>1 099 664</b>	<b>1 021 066</b>	<b>1 026 227</b>	<b>1 026 227</b>	<b>1 026 227</b>	<b>1 026 227</b>	<b>1 131 155</b>	<b>1 240 316</b>	<b>1 368 270</b>
Non current liabilities										
Borrowing	600 850	545 999	497 244	500 418	500 418	500 418	500 418	518 175	655 216	772 522
Provisions	377 703	457 251	498 391	599 190	599 190	599 190	599 190	659 099	724 999	797 489
<b>Total non current liabilities</b>	<b>976 553</b>	<b>1 003 250</b>	<b>995 635</b>	<b>1 099 608</b>	<b>1 099 608</b>	<b>1 099 608</b>	<b>1 099 608</b>	<b>1 177 274</b>	<b>1 380 215</b>	<b>1 570 011</b>
<b>TOTAL LIABILITIES</b>	<b>5 10 809 511</b>	<b>13 193 108</b>	<b>13 622 542</b>	<b>12 863 030</b>	<b>12 940 039</b>	<b>12 940 039</b>	<b>14 574 295</b>	<b>15 349 674</b>	<b>16 240 680</b>	<b>17 211 454</b>
<b>NET ASSETS</b>										
COMMUNITY WEALTH/EQUITY										
Accumulated Surplus/(Deficit)	8 393 971	9 006 244	9 384 674	10 050 576	10 127 585	10 127 585	11 711 841	12 256 811	12 840 095	13 472 418
Reserves	4 2427 160	4 054 681	4 236 661	3 771 286	3 908 577	3 908 577	5 492 833	2 787 434	3 089 877	3 401 209
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>5 10 821 131</b>	<b>13 061 125</b>	<b>13 821 862</b>	<b>14 036 162</b>	<b>14 036 162</b>	<b>14 036 162</b>	<b>17 204 674</b>	<b>15 044 245</b>	<b>15 929 972</b>	<b>16 873 627</b>

**Table 32: MBRR Table A7 – Consolidated Budgeted Cash Flows**

R thousand	Description	Ref	2012/13		2013/14		2014/15		Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework	
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>													
<b>Receipts</b>			580 100	672 957	794 519	831 140	884 767	884 767	1 038 701	1 113 488	1 191 432		
Property rates, penalties & collection charges			1 965 059	2 198 960	2 424 753	2 471 802	2 644 096	2 644 096	2 708 964	2 916 030	3 137 087		
Service charges			287 662	447 934	84 777	657 180	651 758	651 758	330 374	354 160	378 950		
Other revenue			1 723 457	812 186	948 263	1 149 387	1 078 556	1 078 556	1 319 728	1 450 381	1 703 052		
Government - operating			1 506 406	734 503	615 492	850 353	812 071	812 071	848 269	892 786	969 510		
Government - capital			1 106 225	123 699	159 277	152 595	165 859	165 859	178 495	190 019	201 796		
Interest			–	–	–	0	0	0	–	–	–		
Dividends			(2 808 957)	(3 821 719)	(3 718 728)	(4 448 581)	(4 304 041)	(4 304 041)	(4 430 013)	(4 791 638)	(5 290 190)		
Payments			(67 259)	(65 777)	(60 674)	(54 313)	(55 813)	(55 813)	(57 113)	(70 946)	(85 896)		
Suppliers and employees			(115 922)	(144 964)	(234 175)	(258 568)	(258 568)	(258 568)	(258 568)	(298 468)	(333 178)		
Finance charges													
Total transfers and grants			1 176 773	957 780	1 013 503	1 350 994	1 618 685	1 618 685	1 648 938	1 744 116	1 872 563		
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>													
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>													
<b>Receipts</b>			18 170	766	6 364	–	–	–	–	–	–	–	
Proceeds on disposal of PPE			–	–	–	–	–	–	–	–	–	–	
Decrease (increase) in non-current debtors			13	14	16	–	–	–	–	–	–	–	
Decrease (increase) other non-current receivables			(36)	892	–	–	–	–	–	–	–	–	
Decrease (increase) in non-current investments			(608 431)	(588 536)	(930 050)	(1 275 354)	(1 390 877)	(1 390 877)	(1 558 134)	(1 720 823)	(1 777 999)		
Payments			(590 233)	(586 864)	(923 670)	(1 275 354)	(1 390 877)	(1 390 877)	(1 558 134)	(1 720 823)	(1 777 999)		
Capital assets													
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>													
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>													
<b>Receipts</b>			–	–	–	–	–	–	–	–	–	–	
Short term loans			(278 943)	(681)	3 667	–	–	–	–	–	–	–	
Borrowing long term/refinancing			8 599	–	–	–	–	–	–	–	–	–	
Increase (decrease) in consumer deposits			5 243	(49 072)	(57 336)	(46 097)	(46 097)	(46 097)	(51 825)	(51 794)	(59 561)		
Payments			(265 100)	(49 753)	(53 669)	(46 097)	(46 097)	(46 097)	(46 097)	(17 757)	137 558		
Repayment of borrowing			321 389	321 163	36 164	29 542	181 710	181 710	69 582	189 352	176 867		
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>													
Cash/cash equivalents at the year begin:			2 1 523 259	1 844 938	2 166 126	2 355 700	2 200 541	2 200 541	2 382 251	2 450 747	2 651 598		
Cash/cash equivalents at the year end:			2 1 844 648	2 166 101	2 202 291	2 385 242	2 382 251	2 382 251	2 450 747	2 651 598	2 863 468		

**Table 33: MBRR Table A8 – Consolidated Cash Backed Reserves / Accumulated Surplus Reconciliation**

R thousand	Description	Ref	2012/13			2013/14			2014/15			Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework	
			Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19		
<b>Cash and investments available:</b>																
	Cash/cash equivalents at the year end	1	1 844 648	2 166 101	2 202 291	2 385 242	2 382 251	2 382 251	2 490 747	2 651 598	2 863 468					
	Other current investments > 90 days		(1 333)	25	(5)	(65)	79 935	79 935	139	0	(146)					
	Non current assets - Investments	1	892	-	-	-	-	-	-	-	-					
	<b>Cash and investments available:</b>		<b>1 844 207</b>	<b>2 166 126</b>	<b>2 202 285</b>	<b>2 385 178</b>	<b>2 462 186</b>	<b>2 462 186</b>	<b>2 490 886</b>	<b>2 651 599</b>	<b>2 863 323</b>					
<b>Application of cash and investments</b>																
	Unspent conditional transfers		460 596	213 718	205 715	112 800	112 800	112 800	124 080	136 488	150 137					
	Unspent borrowing		-	-	-	-	-	-	-	-	-					
	Statutory requirements	2	(29 672)	43 513	(129 018)	(41 846)	(57 467)	(57 467)	(123 547)	(120 036)	(124 073)					
	Other working capital requirements	3	180 396	184 142	176 668	251 610	251 610	251 610	276 800	304 480	304 480					
	Other provisions		-	-	-	-	-	-	-	-	-					
	Long term investments committed	4	-	-	-	-	-	-	-	-	-					
	Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-					
	<b>Total Application of cash and investments:</b>		<b>611 320</b>	<b>441 373</b>	<b>253 364</b>	<b>322 564</b>	<b>306 943</b>	<b>306 943</b>	<b>218 264</b>	<b>277 333</b>	<b>320 932</b>	<b>330 544</b>				
	<b>Surplus/(shortfall)</b>		<b>1 232 887</b>	<b>1 724 754</b>	<b>1 946 921</b>	<b>2 062 614</b>	<b>2 155 243</b>	<b>2 155 243</b>	<b>2 243 922</b>	<b>2 213 552</b>	<b>2 330 667</b>	<b>2 532 779</b>				

## PART 2 – SUPPORTING DOCUMENTATION

### 2.1 OVERVIEW OF ANNUAL BUDGET PROCESS

The Budget Steering Committee has been established in terms Section 53 of the MFMA and Municipal Budget Reporting Regulations.

The Budget Steering Committee consists of the City Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance. All other MMC's are also invited to partake in all the Budget Steering Committee meetings.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the City's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

#### 2.1.1 IDP/Budget Process Overview

In terms of Section 30 of the Municipal Systems Act no 32 of 2000, *the Executive Mayor of a municipality must in accordance with S29-*

*"(c) submit the draft plan to the municipal council for adoption ,further*

Section 53 of the Municipal Finance Management Act no 56 of 2003 subsection 1 (b) *The Mayor of the Municipality must coordinate the annual revision of the IDP in terms of S34 of the MSA and the preparation of the annual budget and determine how the IDP is to be taken into account/ or revised for the purposes of the budget.*

The budget process is governed by the Municipal Finance Management Act 56 of 2003 and the Municipal Systems Act 32 of 2000. The objective process is to ensure good governance and accountability and enables the municipality to involve residents and other stakeholders in the budgeting process.

In terms of Section 16 of the Municipal Finance Management Act (MFMA) No 56, 2003:

- (1) *"The council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year".*
- (2) *"In order for a municipality to comply with subsection (1), the mayor of the municipality must table an annual budget at a council meeting at least 90 days before the start of the budget year".*

Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Executive Mayor has established a Budget Steering Committee, which consists of the Portfolio Holder for Finance (Chairperson) and Senior Managers.

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2014) a time schedule that sets out the process to revise the IDP and prepare the budget.

Section 28 (1) of the Municipal Systems Act requires each municipality to adopt a process in writing to guide the planning, drafting, adoption and review of its integrated development plan. In compliance with this requirement Buffalo City Metropolitan Municipality adopted the plan on 25 August 2015.



**Table 34: Key activities in the review of the 2016/17 IDP and MTREF Budget**

Activity	Co-ordinating Department	Legislative requirement	Timeframe	Was the timeframe met?
City Manager submits draft SDBIP 15/16 to Executive Mayor	IDP/PMS	MFMA 69(3)(a)(b)	June 2015 12 June 2015	Yes
Executive Mayor approves SDBIP 15/16 & section 56 Performance Agreements 28 days after the adoption of IDP & Budget	IDP/PMS	MFMA (53)(1)(c)(ii)	24 June 2015 July 2015	Yes
Publication of 15/16 Institutional SDBIP and directorate SDBIPs	<ul style="list-style-type: none"><li>• Advertise</li><li>• Place on website</li><li>• Distribute in libraries</li></ul>	MFMA 53 (3)(a)(b), Budget Regulations Chapter 2, Part 3, 15(3)	17 June 2015	Yes

Activity	Co-ordinating Department	Legislative requirement	Timeframe	Was the timeframe met?
<ul style="list-style-type: none"> <li>Submit adopted 2015/16 SDBIP to National Treasury and MEC Local Government and Traditional Affairs</li> </ul>	IDP/PMS	MFMA 53(3)(a)(b), Budget Regulations Chapter 2, Part 3, 15(3)	17 June 2015	Yes
<p>Top Management Meeting:</p> <ul style="list-style-type: none"> <li>Tabling of IDP/Budget/PMS Process Plan for 2016-2021 IDP Review</li> </ul>	IDP/PMS	MSA/MFMA	17 July 2015	Yes
<p>IDP and Organisational Performance Management Portfolio Committee:</p> <ul style="list-style-type: none"> <li>Tabling of IDP/Budget/PMS Process Plan for 2016-2021 IDP Review</li> </ul>	IDP/PMS	MSA/MFMA	23 July 2015	Yes
<p>Commence process of reviewing and adopting Delegations Framework as well as IDP &amp; Budget related policies &amp; By-laws</p>	Budget & Treasury	MFMA	27 July 2015	On-going



Activity	Co-ordinating Department	Legislative requirement	Timeframe	Was the timeframe met?
Publicize draft process plan on BCMM website, local newspaper and notice boards	IDP/PMS	MSA (28)(2)(3)	7 August 2015	Yes
Submit draft Annual Report and evidence to Internal Auditors including annual financial statements and financial and non-financial information. [Note that the annual performance report and the annual financial statements form part of an Annual Report.]	Chief Financial Officer [Annual Financial Statements] and Director: Executive Support Services [Performance Report].	MFMA Circular No 63 MSA 46 MFMA 121	31 August 2015	Yes
IDP/Budget/PMS workshop (All Cllrs, Executive Directors, Directors and GMs)	IDP/PMS & Office of the Speaker	MSA	21 August 2015	Yes
	<ul style="list-style-type: none"> <li>• Draft IDP Review Process Plan 2016-2021</li> </ul>			

Activity	Co-ordinating Department	Legislative requirement	Timeframe	Was the timeframe met?
Budget Steering Committee Meeting: • Consideration of 2014/15 roll over adjustment budget (excluding Conditional Grant Funded Projects)	IDP/PMS/Budget & Treasury	MFMA	13 August 2015	Yes
Submission of Annual Financial Statements to the Audit Committee	Finance	MFMA	14 August 2015	Yes
IDP Representative Forum:  • Report 14/15 Institutional Performance • Presentation of process plan • Establishment of committees and consultation forums for budget processes	IDP /PMS  Budget & Treasury	MSA 16 (a)(i)  MFMA	20 August 2015	Yes
Submit Annual Report including annual financial statements and Annual Performance Report to the Combined Audit / Performance Committee	Chief Financial Officer and Accounting Officer	MFMA Circular No 63 MSA 46 MFMA 121	21 August 2015	Yes
Council meeting: • Adoption of IDP/Budget/PMS process plan for 2016/21 IDP Review • Submission of 2015/16 SDBIP	IDP/PMS/Budget & Treasury	MSA Sec 28(1)/MFMA Sec 21(1)	25 August 2014	Yes
Council Meeting: • Approval of 2014/15 roll over adjustment budget (excluding Conditional Grant Funded Projects)	Operations/Budget & Treasury  Budget & Treasury	MSA/MFMA	25 August 2014	Yes

• Tabling of unaudited annual report	Co-ordinating Department	Legislative requirement	Timeframe	Was the timeframe met?
Activity	Co-ordinating Department	Legislative requirement	Timeframe	Was the timeframe met?
Completion and submission of Budget Evaluation Checklist to National Treasury	Budget & Treasury	August 2015	MFMA	Yes
Submit to National Treasury 2014/15 Roll-Over Adjustment Budget in terms of National Treasury Reporting requirements	Budget and Treasury	MFMA	31 August 2015	No The submission to NT was the 11 September 2015, which is in compliance with MBRR, however the approved timeframe relates to the approval by Council.
Submission of 2015/16 Annual Financial Statements and unaudited Annual Report	Finance IDP/PMS	MSA/MFMA	31 August 2015	Yes
• Advertise 2014/15 Roll-Over Adjustment Budget for public comment • Place 2014/15 Roll-Over Adjustment Budget on BCMM website	Budget and Treasury	MFMA	31 August 2015	No The set timeframe was too optimistic since the City was going through the re-development of its website. This resulted to the

		advertisement made on the 15 Sept 2015.
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#### SITUATIONAL ANALYSIS PHASE

Activity	Co-ordinating Department	Legislative requirement	Timeframe	Was the timeframe met?
IDP and Organisational Performance Management Portfolio Committee	IDP/PMS	MSA/MFMA	2 September 2015	Yes
Advertise adopted IDP/Budget/PMS Process Plan <ul style="list-style-type: none"> <li>Publication of process plan on BCMM website, local newspaper and notice boards</li> </ul>	IDP/PMS	MSA 21, 28(3)	4 September 2015	Yes
Submit adopted process plan to MEC for Local Government and Traditional Affairs	IDP/PMS	MSA 31 (a)(b)(c)(d)	4 September 2015	Yes

Activity	Co-ordinating Department	Legislative requirement	Timeframe	Was the time frame met?
BCMM IGR Forum Meeting: • Process plan and expectations • Development of Metro Plan of Action	IDP/PMS	MSA / IGR Framework Act	11 September 2015	No Session was cancelled due to non-confirmation of attendance by stakeholders.
Mayoral Imbizo Programme	IDP/PMS	MSA	21-23 September 2015	No Consultation process was postponed due to non-responsive of stakeholders and was re-convened on 25 Oct and 01 Nov 2015.
			October 2015	
IDP Technical Cluster Meetings: • Review progress made in implementation of IDP from 2011-2015	IDP/PMS	MSA 34(a)(i)(ii)	05 & 09 October 2015	Yes

Top Management Meeting: • Consideration of 2014/15 roll over adjustment budget for Conditional Grant Funded Projects	IDP/PMS/Budget & Treasury	MFMA	12 October 2015	Yes
Mayoral Lekgotla Session: • 2011-2015 Performance assessment/review • Review of strategic objectives for service delivery and development • Broad capital budget allocations	Office of the Executive Mayor	MSA / MFMA	14-15 October 2015	No Re-convened on 16-18 November 2015
Council meeting – • approval of 2014/15 Roll-over Adjustment Budget for Conditional Grant Funded Projects	IDP/PMS/Budget & Treasury	MFMA	28 October 2015	NA
Table 2015/16 SDBIP 1 <sup>st</sup> quarter reports and MFMA Section 52 (d) report to Council	IDP/PMS/ Budget and Treasury	MFMA Sec 52(d)	28 October 2015	Yes

## STRATEGIES PHASE

Activity	Co-ordinating Department	Legislative requirement	Timeframe	Was the timeframe met?
IDP Full Cluster Meetings (Led by Political Cluster Champs)	IDP/PMS	MSA	3-4 November 2015	Yes
Submit to National Treasury 2014/15 Roll-over Adjustment Budget for Conditional Grant Funded Projects	Budget and Treasury	MFMA	9 November 2015	N/A
<ul style="list-style-type: none"> <li>• Advertise 2014/15 Roll-over Adjustment Budget for Conditional Grant Funded Projects for public comment</li> <li>• Place Adjustment Budget on BCMM website</li> </ul>	Budget and Treasury	MFMA	9 November 2015	N/A
Budget Workshops – with all Directorates	Budget and Treasury	MFMA	16 - 20 November 2015	Yes
IDP Representative Forum: <ul style="list-style-type: none"> <li>• Presentation of draft 2016/21 IDP and MTREF Budget</li> <li>• Report on 2015/16 SDBIP 1<sup>st</sup> Quarter performance</li> </ul>	IDP/PMS	MSA Sec 16(1)(a) MFMA Sec 52(d)	30 November 2015	Yes
IDP/Budget/PMS workshop (All Cllrs, Executive Directors, Directors and GMs)	IDP/PMS & Office of the Speaker	MSA	13-15 Dec 2015	Yes

## PROJECTS PHASE

Activity	Legislative requirement	Timeline	Was the timeframe met?
Top Management Technical Planning Session to consider <ul style="list-style-type: none"> <li>• Mid-year adjustment budget and service delivery targets;</li> <li>• Draft Integrated Development Plan and MTREF Budget</li> </ul>	MSA	13-15 January 2016	Yes
IDP Technical Cluster Meetings: <ul style="list-style-type: none"> <li>• Confirmation of draft IDP 2016/21 and MTREF Budget</li> </ul>	MSA	19 January 2016	Yes
Submission of 2015/16 SDBIP 2 <sup>nd</sup> quarter reports Section 72 Reports (Mid -year report) to the Executive Mayor	MFMA Sec 52(d) & 51(a), Budget Regulation Part 5 (32) & PM Regulations 2001 (2)(a)	18 January 2016	Yes
Council Meeting: <ul style="list-style-type: none"> <li>• Consider 2015/16 SDBIP 2<sup>nd</sup> quarter reports (Mid - year report)               <ul style="list-style-type: none"> <li>• Draft Annual Report 2014/15</li> </ul> </li> </ul>	MFMA Sec 52(d) & 51(a), Sec 72, Budget Regulation Part 5 (32) & PM Regulations 2001 (2)(a)	27 January 2016	Yes
Mayor tables audited Annual Report and financial statements to Council	MFMA Circular No 63 MSA 46 MFMA 121	27 January 2016	Yes
IDP Technical Cluster Meetings <ul style="list-style-type: none"> <li>• Confirmation of draft Projects and Programmes</li> </ul>	MSA/MFMA	28 January 2016	Yes
February 2016			
National Treasury Mid-year Budget and Performance Assessment Review	MFMA	4 February 2016	Yes

<b>Top Management Meeting:</b>	<ul style="list-style-type: none"> <li>• Consideration of 2015/16 Mid-year adjustment budget</li> </ul>	MFMA	8 February 2016	Yes
<b>Council :</b>	<ul style="list-style-type: none"> <li>• Consideration of 2015/16 MID Year Adjustment Budget</li> </ul>	MFMA	24 February 2016	No The report was considered by Council on 29 February due to Council meeting being rescheduled to the above date.

#### CONSOLIDATION PHASE

Activity	Co-ordinating Department	Legislative requirement	Timeframe	Was the timeframe met?
<b>Council Workshop (all Cllrs, Directors and GMs):</b>	IDP/PMS/Finance	MSA / MFMA	7-8 March 2016	Yes
<ul style="list-style-type: none"> <li>• Review and confirm Draft 2016/21 IDP and MTREF Budget</li> <li>• Budget Related Policy review</li> </ul>				
<ul style="list-style-type: none"> <li>• Submits to National Treasury 2015/2016 Mid-Year Adjustment Budget in terms of the National Treasury Reporting Requirements</li> <li>• Advertise 2015/2016 Mid-Year Adjustment Budget for public comment</li> <li>• Place 2015/2016 Mid-Year Adjustment Budget on BCMM website</li> </ul>	IDP/PMS/Budget and Treasury Budget and Treasury Budget and Treasury	MSA/MFMA MFMA MFMA	11 March 2016	Yes
<b>BCMM IGR Forum Meeting:</b>	IDP/PMS	MSA / IGR Framework Act	11 March 2016	Yes
<ul style="list-style-type: none"> <li>• Presentation of draft 2016/21 IDP and MTREF</li> <li>• Draft programmes/projects</li> </ul>				

IDP/Budget/PMS External Representative Forum Meeting:	<ul style="list-style-type: none"> <li>Presentation of draft 2016/21 IDP and MTREF</li> </ul>	IDP/Budget & Treasury	MSA Sec 16(1)(a) / MFMA	23 March 2016	Yes
Council Meeting:	<ul style="list-style-type: none"> <li>Approve 2016-2021 Draft IDP, SDBIP and MTREF Budget</li> </ul>	Budget and Treasury	MFMA MSA	25 March 2016	Yes
Activity	Co-ordinating Department	Legislative requirement	Timeframe	Was the timeframe met?	
Submits to MEC for Local Government and Traditional Affairs, National Treasury 2016 - 2021 Draft IDP, SDBIP, BEPP and MTREF Budget	IDP/PMS/Finance	MSA / MFMA	8 April 2016	No.	Submitted on 09 April 2016. This was due to unforeseen delays in the delivery process.
<ul style="list-style-type: none"> <li>Advertise 2016 - 2021 Draft IDP, SDBIP, BEPP and MTREF Budget for public comment</li> <li>Place 2016 - 2021 Draft IDP, SDBIP and MTREF Budget on BCMM website</li> </ul>	IDP/PMS/Budget and Treasury	MSA/MFMA	April 2016	Yes	
IDP/Budget/PMS Technical Committee Meeting:					
<ul style="list-style-type: none"> <li>Present state of readiness for IDP/Budget roadshows</li> </ul>	IDP/PMS	MSA / MFMA	4 - 22 April 2016	No	Postponed from 14 April till 05 May 2016 due to busy calendar of Council members. Further delayed by staff illegal strike and prolonged to 16 May 2016.
IDP Budget Road Shows:					
<ul style="list-style-type: none"> <li>Present summarised draft IDP &amp; Budget</li> <li>BCMM response to key issues raised by wards</li> <li>Highlight planned projects and programmes</li> </ul>					

<b>Activity</b>	<b>Co-ordinating Department</b>	<b>Legislative requirement</b>	<b>Timeframe</b>	<b>Was the timeframe met?</b>
Council Workshop on the final IDP/Budget before adoption	IDP/PMS/Finance	MSA / MFMA	4 - 6 May 2016	No. Could not be held due to delays in the roadshows, however budget steering committee meeting will be held instead on 20 May 2016.
Consultation with Organised Business and Traditional Leadership on the Draft 2016 - 2021 IDP & Budget •Business Breakfast •Session with traditional leadership	IDP/PMS/Budget and Treasury	MSA/MFMA	13 May 2016	Session with traditional leadership held on 13 May as scheduled. Business breakfast held on 20 May.
National Treasury Municipal Budget and Benchmark Engagement.	IDP/Budget and Treasury	MFMA	18 - 19 May 2016	Yes
Council Open Day	IDP/Budget and Treasury	MSA/MFMA	17 May 2016	No The meeting is rescheduled for the 31 May 2016 in line with the Council amended dates.

### **2.1.2 IDP and Service Delivery and Budget Implementation Plan**

The development of the 2016-2021 Integrated Development Plan commenced in September 2015 after the adoption of the IDP/Budget Process Plan by Council and the Budget Time Schedule for the 2016/17 MTREF.

The Metro's IDP is the principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly informs the Service Delivery and Budget Implementation Plan.

The IDP has been taken into a business and financial planning process leading up to the 2016/17 MTREF, based on the approved 2015/16 MTREF, Mid-year Performance Assessment and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2016/17 MTREF, each function/directorate had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year performance against the 2016/17 Service Delivery and Budget Implementation Plan. Business planning responds to the Metro's priority needs, reviewed strategic objectives and informs the detail operating budget appropriations and three-year capital programme.

The Draft Service Delivery and Budget Implementation Plan (SDBIP) with Draft Performance Agreements will be submitted to the Executive Mayor after the approval of the IDP and Budget; and the final SDBIP will be tabled to Council for approval with the Performance Agreements before 30 June 2016.

### **2.1.3 Financial Modelling and Key Planning Drivers**

As part of the compilation of the 2016/17 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2016/17 MTREF:

- City growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2015/15 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 78, 79 and 82 has been taken into consideration in the planning and prioritisation process.

### **2.1.4 Community Consultation**

The draft 2016-2021 Integrated Development Plan and MTREF Budget was tabled before Council on 31 March 2016. Thereafter the draft documents were made available for community consultation on the municipality's website, and hard copies were made available at customer care offices and municipal libraries.

IDP/Budget road shows to present the draft IDP and Budget took place from 14 April to 16 May 2016.

**Table 35: Schedule of IDP/Budget Road Shows**

**DAY 1: THURSDAY, 14 APRIL 2016**

Day	Ward	Areas to be covered	Venue & Time
(a)	34	Dimbaza, Phola Park	Polar Park Community Hall 5.00
(b)	35	Clubview, Balasi, Balasi Valley, Ethembeni, Zinyoka, Tyutyu Village	War Memorial Community Hall 5.00 pm
(c)	43	Bisho, Tyutyu, Ncemera , Hanover, Majali, Mpengempengeni, Mdange	Skenjana Roji Community Hall 5.00 pm

**DAY 2: FRIDAY, 15 APRIL 2016**

Day	Ward	Areas to be covered	Venue & Time
(a)	8	Gompo, Dip, Gesini	Qaqamba High School 5.00 pm

**DAY 3: MONDAY, 18 APRIL 2016**

Day	Ward	Areas to be covered	Venue & Time
(a)	36	Part of Dimbaza, Madakeni, Zabalaza, Nakani, Upper Mngqesha, Mzintshane, Pierie Mission, Gambushe, Pierie Trust, New Rest	Mzintshane Community Hall 10.00 am
(b)	49	Ndevana	Ndevana Community Hall 3.00 pm
(c)	13	Reeston, Khayelitsha, Chicken Farm, Part of Scenery Park, Thembalethu, Eureka, Arnalton, Part of Highway Gardens, Dice, Hutchinson, Part of Biko Village	Reeston (Tent) 5.00 pm
(d)	45	Skobeni, Ilitha, Berlin, Tshabo 1	Ilitha Community Hall 3.00 pm
(e)	42	N.U. 1, 2	Indoor Sport Centre 5.00 pm

**DAY 4: TUESDAY, 19 APRIL 2016.**

Day	Ward	Areas to be covered	Venue & Time
(a)	9	Amalinda, Soccho, Soney Drift, Braelyn extension 8 & 10, C Section, Duncan Village, C Section extension, Chislehurst, Cambridge	Clements Kadalie Hall 5.00 pm
(b)	14	Mdantsane NU 3 & 4	Tent (NU 3 Rent Office, next to Ntsikana shop) 5.00 pm

**DAY 5: WEDNESDAY, 20 APRIL 2016**

Day	Ward	Areas to be covered	Venue & Time
(a)	2	Gomo, Bhebhelele, St Peters Catholic Church, Clover Catholic Church (Dunga, Mzonyana)	Gomo Hall 5.00 pm
(b)	46	West Bank, Orange Grove, Greenfields, Airport, Sunnyridge, Leaches Bay, Sunset Bay, Sunnyridge Ext/Park	Robbie De Lange Hall 5.00 pm
(c)	27	Kwelera, Gonubie, Nkwezana, Dwadwa, Sunrise on Sea	Carnegie Hall 5.00 pm

**DAY 6: WEDNESDAY, 04 MAY 2016**

Day	Ward	Areas to be covered	Venue & Time
(a)	38	Lenge, Bulembu, Anders Mission, Mantlaneni, Mamata, Mzantsi, Lieveldt, Mxaxo A, Mxaxo B, Nonkampa, Gwaba, Zikhali, Dikidikana, Lower Mngqesha, Khayelitsha, Tyhusha, Kwelerana	Dikidikana Community Hall 3.00 pm
(b)	40	Mlakalaka, Ndileka, Godidi, Mimosa, Qongqota, Ekuphumleni, Dongwe, Fort Murray, Tshabo 2&3, Mount Coke, Bongweni, Thubaletu	Tshabo 2 Community Hall 3.00 pm

**DAY 7: THURSDAY, 05 MAY 2016**

<b>Day</b>	<b>Ward</b>	<b>Areas to be covered</b>	<b>Venue &amp; Time</b>
(a)	21	Fort Jackson, Golden Highway, Unit 13 & 15, Tambo Park	N. U. 15 Community Hall 5.00 pm
(b)	20	Mdantsane NU 6, 7	NU 7 Community Hall 5.00 pm
(c)	25	Phakamisa, Zwelitsha zone 8, 9, Cliff	Phakamisa Community Hall 3.00pm
(e)	15	Cambridge town, Cambridge township, Highgate, Vincent	Cambridge Hall 5.00 pm

**DAY 8: FRIDAY, 06 MAY 2016**

<b>Day</b>	<b>Ward</b>	<b>Areas to be covered</b>	<b>Venue &amp; Time</b>
(a)	44	Sweetwaters, Tshatshu, Breidbach , Siyathemba, Qalashe, Golf Course	Sweetwaters Community Hall 5.00 pm
(b)	41	Zwelitsha 1,2,3,4,5,6,7 & 10	Nolizwe Mnyaka Community Hall 5.00 pm
(c)	30	Mdantsane NU 9 & 10	NU 10 Hall 5.00 pm

**DAY 9: SATURDAY, 07 MAY 2016**

<b>Day</b>	<b>Ward</b>	<b>Areas to be covered</b>	<b>Venue &amp; Time</b>
(a)	24	Nxamkwana, Mntlabati, Mabaleni, Mbolompeni, Mncotsho, Luxomo, Nkqonqwani, Kanana, Khayelitsha, Khwezi Block 1, Khwezi Block 2, Msintsini , Mbekweni, Unit P, Kingston	Mbekweni Primary School 2.00 pm

**DAY 9: SUNDAY, 08 MAY 2016**

<b>Day</b>	<b>Ward</b>	<b>Areas to be covered</b>	<b>Venue &amp; Time</b>
(a)	11	N.U. 2, 5	N.U. 5 Rent Office (Tent) 2.00 pm

**DAY 10: MONDAY, 09 MAY 2016**

Day	Ward	Areas to be covered	Venue & Time
7(a)	31	Kaisers Beach, Sunny South, Shelford, Winterstrand, Kidd's Beach, Lillyvale, Igoda, Fort Grey, Bongweni, Ntenteni, Bhompini, Ncera Village 1, Ncera Village 2, Ncera Village 3, Airport Phase 1, Ncera Village 9	Kidd's Beach Hall 5.00 pm
(b)	32	Thyusha, Dowu, Zikhova, Kampini, Mazikhanye, Ngqinisa, Weltina, Zweliyandila, Open Shaw, Kiwane, Kalkeni, Xesi, Dyamdyam, Phozi, Gqala, New Rest, Mpongo, Sandile, Tsaba, Xhamini, Ncera Village 4, Ncera Village 5, Ncera Village 6, Ncera Village 7, Boxwood	Xhamini Community Hall 10.00 am
(c)	33	Needs Camp Welcome wood, Gwiliwili, Kuni, Twecana, Phumlani, Hill Village, Thembisa, Cornfield, Silverdale, Altile Village, Good Hope, , Gxethu, Qhuru	Welcomewood Community Hall 12.00 pm
(d)	37	Tolofiyeni, King Williams Town, Westbank, Schornville, Masingata, Mdinci	Schornville Community Hall 5.00 pm

**DAY 11: TUESDAY, 10 MAY 2016**

Day	Ward	Areas to be covered	Venue & Time
(a)	19	Buffalo Flats , Parkside, Pefferville Second Creek, Mzamo Informal Settlement, New Rest	Parkside Hall 5.00 pm
(b)	7	C-Section, Gomo Town area, Bhebhelele, D- Section	Breidbach Community Hall 5.00 pm
(c)	29	Nompumelelo, Ducats, Abbotsford	Ducats Community Hall 5.00 pm
(d)	48	N.U.11a, 11b, N.U. 12	N.U.12 Community Hall 5.00 pm
(e)	5	Scenery Park	Scenery Park Community Hall 5.00 pm

**DAY 12: WEDNESDAY, 11 MAY 2016**

Day	Ward	Areas to be covered	Venue & Time
(a)	18	Woodleigh, Bunkers Hill, Nahoon, Nahoon Mouth, Stirling, Berea, Selborne, Baysville Pearce Street to Bridge Ave N.E. Express Way, Southernwood Lower part, McGrath-Usher-Starhope- Jellico down to Valley Road	Drake Road Clinic 5.00 PM;
(b)	4	Beacon Bay, Nahoon Valley Park, Bonnie Doon, Vincent Heights, Lower Vincent Amalinda, Haven Hills, Saxillby, Dawn,	Beacon Bay Library 5.00 pm
(c)	3	Belgravia, Braelynn, Milner Estate, Stoney Drift, Panmure, Braelynn, Southernwood, Braelynn Industrial, Lennox Estate	East London High School 5.00 pm
(d)	47	Quigney, Beach, E.L. CBD, Baysville,	City Hall 5.00 pm
(e)	6	Parkridge, Eluxolweni, Duncan Village	Gompo Hall 5.00 pm

**DAY 13: THURSDAY, 12 MAY 2016**

Day	Ward	Areas to be covered	Venue & Time
(a)	28	Mzamornhle, Riegerton	Mzamornhle Hall 5.00 pm
(b)	16	Amalinda Forest, Summerpride, Rosedale, Winchester Gardens, Morningside	Amalinda Stadium(tent) 5.00 pm
(c)	23	Unit 17, CC 18, Potsdam, Blue rock, Raxanga, Nxamkwana	Manyano SP School 3.00 pm
(d)	17	N.U. 9, N.U. 6, N.U. 4, Cuba, Eluxolweni	Eluxolweni Community Hall 3.00 pm

**DAY 14: FRIDAY, 13 MAY 2016**

Day	Ward	Areas to be covered	Venue & Time
(a)	1	Pefferville, Duncan Village, Braelynn Hills, Milkywood	Gompo Hall 5.00 pm
(b)	10	Haven Hill South , Buffalo Flats, Alphendale, Vergenoeg, Egoli, East Bank, Ghost Town, Fynbos informal	Billy Francis Hall 5.00 pm
(c)	12	Mdantsane Unit 1, Mdantsane Zone, SmilingValley	John Knox Bokwe School 4.00 pm
(d)	26	Kwampundu, Ncalukeni, St Mary , Mzonkeshe, Nkqonqweni, Zikwaba, Kwetyana, Thorn Park, Sinquumeni, Nitsonkotha, Msobomvu Macleantown, Kwaseya, Esigqibeni, Newbright	Ntsonkotha Community Hall 10:00 am

**DAY 15: SATURDAY, 14 MAY 2016**

Day	Ward	Areas to be Covered	Venue & Time
(a)	39	Ginsberg, Bonke, Kwalini, Rhayi, Ngxwalane	Kwalini Hall, 2.00 pm

**DAY 16: SUNDAY, 15 MAY 2016**

Day	Ward	Areas to be covered	Venue & Time
(a)	22	N.U. 14, N.U. 16	Loyiso High School

**DAY 17: MONDAY, 16 MAY 2016**

Day	Ward	Areas to be covered	Venue & Time
(a)	50	N.U. 8, 10	Nyameko High School 4.00 pm

## **2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP**

The IDP review process was undertaken within the framework of National, Provincial and District policies and legislation. Some of the key informants that guide the review and refinement of IDP objectives and strategies include the following:

- National Development Plan;
- Sustainable Development Goals (SDGs);
  - 12 Outcomes adopted by National Cabinet in January 2010;
    - BCMM Ward priorities;
    - Priorities from the Mayoral Lekgotla held on 16 – 18 November 2015;

The following table highlights the IDP's five strategic outcomes for the 2016/17 MTREF and further planning refinements that have directly informed the compilation of the budget:

**Table 36: IDP'S Five Strategic Objectives**

<b>Strategic Objective 1:</b>	<b>An innovative and productive city</b>
<b>Strategic Objective 2:</b>	<b>A green city</b>
<b>Strategic Objective 3:</b>	<b>A connected city</b>
<b>Strategic Objective 4:</b>	<b>A spatially-integrated city</b>
<b>Strategic Objective 5:</b>	<b>A well-governed city</b>

The national sphere of government develops and promulgates legislation, policies and strategies which all spheres have to implement. In developing their own plans and policies, other spheres of government, particularly the local government sphere has to ensure that there is alignment with both National and Provincial plans. Key plans and policies include the National Development Plan, Provincial Development Plan –EC Vision 2030, Sustainable Development Goals and the 12 Outcomes of Government. These are aligned below:

**Table 37: Alignment of BCMM Strategic Objectives with National and Provincial Priorities**

BCMM Strategic Objective	12 Outcomes	Provincial Development Plan	National Development Plan	Sustainable Development Goals	National 10 Point Plan
An innovative and productive city.	<p>Decent employment through inclusive economic growth</p> <p>A skilled and capable workforce to support inclusive growth</p> <p>An efficient, competitive and responsive economic infrastructure network.</p>	<p>A growing, inclusive and equitable economy.</p> <p>Vibrant and equitably enabled communities.</p>	<p>Unemployment rate should fall from 27% in 2011 to 14% by 2020 and to 6% by 2030.</p> <p>Total employment should rise from 13 million to 24 million.</p>	<p>Ensure access to affordable, reliable, sustainable economic growth, full and productive employment and decent work for all.</p>	<p>Unlocking the potential of SMEs, cooperatives, township and rural enterprises.</p> <p>Operation Phakisa aimed at growing the ocean economy and other sectors</p> <p>Encouraging private sector investment.</p>
A green city.	Protection enhancement environmental assets and natural resources.	A growing, inclusive and equitable economy.	<p>Achieve the peak, plateau and decline trajectory for greenhouse gas emissions, with the peak being achieved around 2025</p> <p>By 2030, an economy-wide carbon price should be entrenched.</p>	<p>Take urgent action to combat climate change and its impacts.</p>	<p>Resolving the energy challenge.</p> <p>Revitalizing agriculture and the agro-processing value chain</p>
A well-educated population.	Improve the quality of basic education.	An educated,	All children should have at least	Ensure inclusive and	N/A

BCMM Strategic Objective	12 Outcomes	Provincial Development Plan	National Development Plan	Sustainable Development Goals	National 10 Point Plan
governed city.	education.	empowered, and innovative citizenry.	two years of pre-school education. This implies about 2 million places	equitable education promote learning opportunities for all.	quality and lifelong learning opportunities for all.
A spatially-integrated city.	Improve health and life expectancy.	A healthy population.	At least 80% of students should complete 12 years of schooling.	By 2030, life expectancy should reach at least 70 for both men and women.	State reform and boosting the role of state owned companies, ICT infrastructure or broadband roll out, water, sanitation and transport infrastructure as well

BCMM Strategic Objective	12 Outcomes	Provincial Development Plan	National Development Plan	Sustainable Development Goals	National 10 Point Plan
		infrastructure).	Ensure that all people have access to clean, potable water and that there is enough water for agriculture and industry.	as.	
A well-governed city.	A development-orientated public service and inclusive citizenship.	An educated, empowered and innovative citizenry.	A capable and effective state, able to enhance economic opportunities, support the development of capabilities and intervene to ensure a rising floor of social rights for the poor.	Ensure inclusive and equitable education promote lifelong learning opportunities for all.	Moderating workplace conflict.

During the development process an effort was made to ensure that the IDP is fully aligned with the Metro Growth and Development Strategy. Over the next five year term the City will concentrate on the 5 strategic outcomes to be achieved by the year 2030:

**Strategic Objective 1: An innovative and productive city:** with rapid and inclusive economic growth, and falling unemployment

**Strategic Objective 2: A green city:** environmentally sustainable with optimal benefits from our natural assets. A clean and healthy city of subtropical gardens.

**Strategic Objective 3: A connected city:** high-quality (and competitively priced) connections to ICT, electricity and transport networks (inside the city and to the outside world).

**Strategic Objective 4: A spatially-integrated city:** the spatial divisions and fragmentation of the apartheid past are progressively overcome and township economies have become more productive.

**Strategic Objective 5: A well-governed city:** a smart and responsive municipality (working with other levels of government) that plans and efficiently delivers high quality services and cost effective infrastructure, without maladministration and political disruptions

The 2016/17 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

**Table 38: MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue**

Strategic Objective	Goal	Goal Code	Ref	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework			
				2012/13	2013/14	2014/15	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17
R thousand Innovative and Productive City	KPA 1: Municipal Transformation and organisational Development			150 279	199 854	151 328	189 507	178 943	178 943	197 838	214 450
	KPA 2: Service Delivery and Basic Infrastructure										234 174
	KPA 3: Local Economic Development										
	KPA 4: Municipal Financial Viability and Management										
	KPA 5: Good Governance and Public Participation										
A green city	KPA 1: Municipal Transformation and organisational Development			1 946	2 463	4 346	2 548	2 546	2 546	2 815	3 052
	KPA 2: Service Delivery and Basic Infrastructure										3 332
	KPA 3: Local Economic Development										
	KPA 4: Municipal Financial Viability and Management										
	KPA 5: Good Governance and Public Participation										

**MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue (continued)**

Strategic Objective	Goal	Goal Code	Ref	2013/14				2014/15				Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year 2017/18	Budget Year 2018/19	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year 2017/18	Budget Year 2018/19	
R thousand				91 489	41 599	21 357	24 472	24 571	27 165	29 446	32 154								
A connected city	KPA 1: Municipal Transformation and organisational Development																		
A spatially Transformed city	KPA 2: Service Delivery and Basic Infrastructure																		
	KPA 3: Local Economic Development			2 341 415	2 790 470	2 406 375	3 055 846	3 004 358	3 004 358	3 030 400	3 285 037	3 601 316							
	KPA 4: Municipal Financial Viability and Management																		
	KPA 5: Good Governance and Public Participation																		
A well governed city	KPA 1: Municipal Transformation and organisational Development			1 344 162	1 464 215	2 366 829	2 447 235	2 480 412	2 480 412	2 648 552	2 847 374	3 122 866							
	KPA 2: Service Delivery and Basic Infrastructure																		
	KPA 3: Local Economic Development																		
	KPA 4: Municipal Financial Viability and Management																		
	KPA 5: Good Governance and Public Participation																		
	<b>Allocations to other priorities</b>																		
	<b>Total Revenue (excluding capital transfers and contributions)</b>	1	3 929 291	4 498 602	4 950 235	5 719 607	5 690 830	5 690 830	5 690 830	5 690 830	5 690 830	5 690 830	6 379 359	6 993 843					
		2																	

**Table 39: MBRR Table SA5 - Reconciliation between the IDP Strategic Objectives and budgeted operating expenditure**

Strategic Objective	Goal	Goal Code	Ref	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework			
				2012/13	2013/14	2014/15	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17
R thousand											Budget Year +1 2017/18
Innovative and Productive City	KPA 1: Municipal Transformation and organisational Development			624 350	718 601	723 818	874 486	861 228	861 228	895 694	967 792
	KPA 2: Service Delivery and Basic Infrastructure										1 063 540
	KPA 3: Local Economic Development										
	KPA 4: Municipal Financial Viability and Management										
	KPA 5: Good Governance and Public Participation										
A green city	KPA 1: Municipal Transformation and organisational Development			111 199	130 963	127 554	132 338	162 113	162 113	168 601	182 172
	KPA 2: Service Delivery and Basic Infrastructure										200 195
	KPA 3: Local Economic Development										
	KPA 4: Municipal Financial Viability and Management										
	KPA 5: Good Governance and Public Participation										

**MBRR Table SA5 - Reconciliation between the IDP Strategic Objectives and budgeted operating expenditure (Continued)**

Strategic Objective	Goal	Goal Code	Ref	2014/15			Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
				2012/13	2013/14	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18
R thousand				180 151	204 024	217 362	214 125	239 778	239 778	249 373	269 446	296 104
A connected city	KPA 1: Municipal Transformation and organisational Development											
	KPA 2: Service Delivery and Basic Infrastructure											
A spatially Transformed city	KPA 3: Local Economic Development			2 681 001	3 076 506	3 163 828	3 836 895	3 714 444	3 714 444	3 860 272	4 170 938	4 581 325
	KPA 4: Municipal Financial Viability and Management											
	KPA 5: Good Governance and Public Participation											
A well governed city	KPA 1: Municipal Transformation and organisational Development			384 659	498 820	984 038	660 841	712 344	712 344	731 858	786 835	861 692
	KPA 2: Service Delivery and Basic Infrastructure											
	KPA 3: Local Economic Development											
	KPA 4: Municipal Financial Viability and Management											
	KPA 5: Good Governance and Public Participation											
	Allocations to other priorities											
	Total Expenditure			1 3 981 360	4 628 913	5 216 601	5 718 685	5 689 908	5 689 908	5 905 798	6 377 184	7 002 857

**Table 40: MBRR Table SA6 – Reconciliation between the IDP Strategic Objectives and budgeted Capital Expenditure**

Strategic Objective R thousand	Goal Code Ref	Goal Code Ref	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework				
			2012/13	2013/14	2014/15	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18
Innovative and Productive City	KPA 2: Service Delivery and Basic Infrastructure	A	8 387	59 941	25 679	163 744	148 004	148 004	471 948	618 025	542 673
A green city	KPA 3: Local Economic Development								10 000	10 000	20 000
A connected city	KPA 2: Service Delivery and Basic Infrastructure	1 757	44 861	9 738					79 490	57 598	82 686
A spatially Transformed city	KPA 2: Service Delivery and Basic Infrastructure	101 008	32 934	37 437	68 221	86 612	86 612	422 543	464 750	574 418	
A well governed city	KPA 2: Service Delivery and Basic Infrastructure	456 224	701 976	847 142	1 005 690	1 140 371	1 140 371	498 655	512 985	496 950	
	KPA 3: Local Economic Development							20 000	20 000	20 000	
	KPA 2: Service Delivery and Basic Infrastructure	26 110	(5 074)	10 055	37 700	15 891	15 891	33 076	23 187	19 672	
	KPA 4: Municipal Financial Viability and Management							10 000	10 000	20 000	
	KPA 1: Municipal Transformation and organisational Development							7 100	2 100	600	
	KPA 5: Good Governance and Public Participation							5 322	2 178	1 000	
	Allocations to other priorities	3	593 485	834 638	930 050	1 275 354	1 390 877	1 390 877	1 558 134	1 720 823	1 777 998
	Total Capital Expenditure	1									

## 2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance. BCMM is developing a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

**Table 41: MBRR Table SA7 - Measurable performance objectives**

Description	Unit of measurement	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Vote 1 - Infrastructure Services</b>										
<b>Function 1 - Water and Sanitation</b>										
<b>Sub-function 1 - Water Services</b>										
<b>Vote 1 - Infrastructure services</b>										
<b>Function 1 - Water and sanitation</b>										
<b>Sub-function 1 - Water services</b>										
To ensure that households within BCMM have	% of households with	0,0%	1526 units	99%	99%	99%	99%	99%	99%	99%
<b>Sub-function 2 - Sanitation services</b>										
To ensure that households Within BCMM have	% of households with	143 213	94%	98%	99%	99%	99%	99%	99%	99%
<b>Sub-function 3 - Roads and</b>										
<i>Extensive investment and development of</i>	Km of roads maintained	20km	1221.637 km	975.765 km	600km	600km	600km	700km	700km	800km
<b>Function 2 - Energy and electricity</b>										
<b>Sub-function 1 - Electricity</b>										
<i>Address energy backlog and invest in human</i>	% of households with	1200	n/a	99%	99%	99%	99%	1200	1200	1200
<b>Sub-function 3 - (name)</b>										
<i>Insert measure/s description</i>										

**Table 42: MBRR Table SA8 - Performance Indicators and benchmarks**

Description of financial indicator	Basis of calculation	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework				
		2012/13	2013/14	2014/15	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	+1 2017/18
<b>Borrowing Management</b>										
Credit Rating	A1/A	A1/A	2,5%	2,3%	1,8%	1,8%	1,8%	1,8%	1,8%	2,1%
Capital Charges to Operating Expenditure	-0,1%	-0,1%	-0,2%	3,1%	2,9%	2,2%	2,2%	2,2%	2,4%	2,7%
Capital Charges to Own Revenue	-0,2%	-0,2%	-0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	2,5%	2,7%
Borrowed funding of 'own' capital expenditure	-358,0%	-358,0%	-358,0%	-358,0%	-358,0%	-358,0%	-358,0%	-358,0%	-358,0%	-358,0%
<b>Safety of Capital</b>										
Gearing	24,8%	13,5%	11,7%	13,3%	12,8%	12,8%	9,1%	18,6%	21,2%	22,7%
<b>Liquidity</b>										
Current Ratio	2,0	2,6	3,0	3,2	3,2	3,2	3,3	3,1	3,0	3,0
Current Ratio adjusted for aged debtors	2,0	2,6	2,0	2,3	2,3	2,3	2,4	2,3	2,3	2,3
<b>Revenue Management</b>										
Annual Debtors Collection Rate (Payment Level %)	1,5	2,0	2,2	2,3	2,4	2,4	2,4	2,2	2,1	2,1
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)	100,0%	100,0%	100,0%	100,0%	92,0%	94,2%	94,2%	92,5%	92,5%	92,5%
Outstanding Debtors to Revenue	16,9%	14,3%	15,8%	13,5%	13,5%	13,5%	13,5%	15,2%	15,7%	15,7%
Longstanding Debtors Recovered	12,5%	11,9%	10,1%	10,1%	10,1%	10,1%	10,1%	10,1%	10,1%	10,1%
<b>Creditors Management</b>										
Creditors System Efficiency	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
Creditors to Cash and Investments	31,1%	29,6%	24,3%	27,8%	27,8%	27,8%	27,8%	30,2%	30,8%	30,8%

**MBRR Table S4B - Performance indicators and benchmarks (continued)**

Description of financial indicator	Basis of calculation	Current Year 2015/16						2016/17 Medium Term Revenue & Expenditure Framework			
		2012/13	2013/14	2014/15	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	+1 2017/18	Budget Year 2016/19
<u>Other Indicators</u>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)	209 592	232 150	233 605	244 198	244 198	164 891	164 891	164 891	157 396	157 396
	Total Cost of Losses (Rand '000)	128	151	164	188	188	127	127	140	145	145
	% Volume (units purchased and generated less units sold)/units purchased and generated	13.8%	15.8%	15.6%	16.6%	16.6%	11.0%	11.0%	10.5%	10.5%	10.5%
Water Distribution Losses (2)	Total Volume Losses (kL)	30 874	25 888	22 982	25 425	25 425	21 782	21 782	20 582	19 382	19 382
	Total Cost of Losses (Rand '000)	105221	99400	91495	93817	93817	88231	88231	84 967	81 703	81 703
	% Volume (units purchased and generated less units sold)/units purchased and generated	47.3%	39.5%	34.4%	30.0%	30.0%	30.0%	30.0%	25.0%	20.0%	20.0%
Employee costs	Employee costs/(Total Revenue - capital revenue)	25,0%	25,2%	24,1%	24,3%	24,3%	25,1%	25,1%	25,9%	25,7%	25,1%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	26,1%	26,2%	25,1%	25,2%	25,2%	26,1%	26,1%	26,9%	26,7%	26,1%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	6,7%	6,4%	5,7%	6,5%	6,5%	6,5%	6,5%	7,0%	7,2%	7,2%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	17,9%	15,5%	16,0%	13,4%	14,0%	14,0%	14,0%	13,6%	13,6%	13,3%
<u>IDP regulation financial viability indicators</u>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	18,6	17,0	20,1	21,1	21,1	20,0	20,0	19,0	18,9	20,2
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	25,9%	22,3%	24,1%	21,3%	20,5%	20,5%	23,0%	22,8%	23,0%	23,4%
iii. Cost coverage	(Available cash + investments)/monthly fixed operational expenditure	8,5	8,5	7,8	7,6	7,5	7,5	7,4	7,3	7,3	7,2

### **2.3.1.1 Borrowing management**

The City has a credit rating of A- (Short Term) and A (Long Term) together with a low gearing ratio thus enabling the city to borrow capital to fund its revenue generating infrastructure.

However, the city adopts a conservative approach in its ability to borrow due to repayment constraints associated with operational surpluses.

The following financial performance indicators have formed part of the compilation of the 2016/17 MTREF budget:

*Capital charges to operating expenditure* is a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing is steadily increasing from 1.8% in 2016/17 to 2.1% in 2018/19. This increase can be attributed to new loan funding being sourced during 2016/17 MTREF period.

### **2.3.1.2 Safety of capital**

*The debt-to-equity ratio* over the MTREF period increases from 18.6% in the 2016/17 period to 22.7% in the 2018/19 period. The ratio indicates the taking up of new loan funding.

### **2.3.1.3 Liquidity**

*Current ratio* for the 2016/17 financial year is 3.1:1 and slightly decrease to 3.0:1 in the 2018/19 financial year. The city is in a position to repay its current liabilities and thus strives to maintain this ratio above the public sector norm of 2:1. Included in the current assets is the city's debt book which has a collection ratio of 92.5% and the recoverability of this is considered to be obtainable.

*The liquid ratio* for the 2016/17 financial is 2.2:1, it also slightly decrease to 2.1: in the 2018/19 period. The city aims to maintain a consistent stock level over the MTREF period to adequately respond to emergency situations relating to service delivery considerations.

#### **2.3.1.4 Revenue Management**

The city has adopted an aggressive Revenue Enhancement Strategy, which includes revenue generation, accuracy of meter reading, regular supplementary valuations, and ensuring all residents receive a correct bill that the city has rendered thereby contributing to the confidence of the consumers. The current collection rate of 94.2% in the 2015/16 year is expected to decrease over the MTREF period to 92.5%.

#### **2.3.1.5 Creditors Management**

The City has managed to ensure that creditors are settled within the legislated 30 days of statement, except for those that are under dispute. SMME's are paid bi-monthly. By applying daily cash flow management the municipality has managed to ensure a 100% compliance.

#### **2.3.1.6 Other Indicators**

- Employee costs as a percentage of operating revenue is 25.9% in the 2016/17 financial year and slightly decreases to 25.1% in the 2018/19 financial year.
- The Electricity distribution losses was 15.58% as at 30 June 2015, this continues to an area of focus to reduce electricity losses. There is a program to electrify informal dwellings which would also assist in reducing illegal connects.
- The City has established a Revenue Protection Unit, the main aim of this unit is to reduce the losses; however there is a limit to what can be done with limited resources in the short term and the extent to which losses can be limited.
- The overall average of non-revenue water amounts to 34.44% at 30 June 2015.
- BCMM has developed a Water Conservation and Water Demand Management (WC/WDM) Strategy, which focuses primarily on reducing the level of non-revenue water to enhance both the financial viability of and water supply sustainability to BCM, is for the 5-year period 2016/2017 to 2021/2022 and requires some R450 million to implement over this period.
- The goals set in terms of this Strategy, are the following:
  - Reduction of non-revenue water:

- Increased billed metered consumption:
- Reduction of raw water treatment losses:
- Ability to undertake detailed water balances:
- Promotion of water use efficiency
- Repairs and maintenance as a percentage of total operating revenue is on average 7% over the 2016/17 MTREF period.

### **2.3.2 Free Basic Services: Basic Social Services Package for Indigent Households**

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the City. Only registered indigents qualify for the free basic services.

The target is to register an average of at least the following indigent households by the end of 2016/17 financial year, this process is reviewed annually: Rates and Fire Levy – 40 000; Refuse and Sanitation – 66 998; Electricity 86 891; Water – 86100 rural and 66 998 urban. In terms of the Municipality's indigent policy registered households are entitled to 6kl free water (R71.51), and 50 kwh of electricity (R59.93).

Registered indigents are to receive the following monthly rebates in the 2016/17 financial year:

- Property Rates – R121.58 (based on a property value of R150 000)
- Refuse Removal – R184.31
- Sewerage Charges - R8.79
- Fire Levy – R39.41

### **2.3.3 Providing Clean Water and Managing Waste Water**

The BCMM is the Water Services Authority and has the executive authority to provide water services within its area of jurisdiction in terms of the Municipal Structures Act 118 of 1998 or the ministerial authorisations made in terms of this Act.

The primary responsibility for Water Services Authority includes:

- **Ensuring access:** To ensure the realisation of the right of access to water services, particularly basic water services (subject to available resources) by seeing that appropriate investments in water services infrastructure are made.
- **Planning:** To prepare water services development plans to ensure effective, efficient, affordable, economical and sustainable access to water services that promote sustainable livelihoods and economic development.
- **Regulation:** To regulate water services provision and Water Services Providers within the jurisdiction of the municipality and within the policy and regulatory frameworks set by DWAF through the enactment of by-laws and the regulation of contracts.
- **Provision:** To ensure the provision of effective, efficient and sustainable water services (including water conservation and demand management) either by providing water services themselves or by selecting, procuring and contracting with external Water Services Providers.

BCMM provides approximately 60% of bulk potable water through Umzonyana Water Treatment Works and KWT Water Treatment Works, 40% is provided by Amatola Water as Water Services Provider.

#### **2.3.3.1 Blue Drop Status**

Buffalo City Metropolitan Municipality is achieved 72.79% on Blue Drop Score as it was audited by Department of Water and Sanitation in 2014. This was about 20% drop from the 2012 results which was caused by the staff resignation and retirements.

#### **2.3.3.2 Green Drop Status**

The BCMM had 15 of wastewater collector and treatment systems audited. The BCMM Sanitation Department was the best performing municipality in the Eastern Province:

- 80.9% Municipal Green Drop Score
- 1 Green Drop Awards for 2011/12 (East Bank)

Green Drop Comparisons between the larger Municipalities are as detailed:-

- Buffalo City : 80.9%
- Nelson Mandela : 60.0%

Currently the BCMM is faced with the following water service challenges:

- Capacity of the existing treatment works is inadequate to cater for current and future water demands
- Aging water infrastructure
- High rate of non-revenue water, which is approximately 40%
- Total required funding to build new Water Treatment Works (Kei Road) and bulk pipe lines to Bhisho and Berlin to meet housing backlogs, new developments and Bhisho Prescient and demand is R500 million.

## **2.4 OVERVIEW OF BUDGET-RELATED POLICIES**

The City's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

### **2.4.1 Tariff Policy**

In terms of Section 74(1) of the Municipal Systems Act No 32 of 2000, as amended, Council to adopt the draft tariffs policy on 30 March 2016. The amended policy is attached as annexure F (amendments are highlighted in yellow in the policy for easy reference).

### **2.4.2 Rates Policy**

In terms of Section 3 of the Municipal Property Rates Act No. 6 of 2004, the municipality has adopted a rates policy. The policy was approved by Council on 28 May 2014.

### **2.4.3 Credit Control Policy**

The Credit Control and Debt Collection Policy was adopted by Council on 28 May 2014.

### **2.4.4 Indigent Policy**

The Indigent policy was adopted by Council on 28 May 2014.

### **2.4.5 Investment and Cash Management Policy**

In terms of Section 13(2) of the Municipal Finance Management Act No. 56 of 2003, the municipality has adopted an investment and cash management policy. The policy was approved by Council on 29 May 2013. Council adopted the revised investment and cash management policy on 29 May 2015.

### **2.4.6 Long-Term Borrowings Policy**

A long-term borrowings policy has been developed in compliance with the Municipal Finance and Management Act No. 56 of 2003 and the Municipal Budget and Reporting Regulations on Debt Disclosure. The policy was approved by Council on 29 May 2013 and last review approved on 29 May 2015. Council to adopt the long-term borrowing

policy on 31 May 2016. The following changes are made to align the policy with National Treasury Circular 71: Uniform Financial Ratios:

**Remove the following ratio in the policy to align BCMM's ratios to National Treasury Circular 71 uniform financial ratios**

(ix) Percentage of Outstanding Debtors to Revenue:

$$A = B / C \times 100; \text{ where}$$

- A = Percentage Outstanding Debtors in relation to Revenue,
- B = [ Consumer Debtor + Other Debtors – Current Portion of Long-term Receivables ],
- C = Total Income for the year
- Target = Less than 18%

Refer to Annexure N for the full revised final policy.

#### **2.4.7 Supply Chain Management Policy**

In terms of Section 111 of the Municipal Finance and Management Act No. 56 of 2003 the municipality must adopt a Supply Chain Management policy. The reviewed policy was approved by Council on 30 September 2015.

#### **2.4.8 Asset Management Policy**

The Asset Management policy was adopted on 29 May 2013 and provides guidance on the management of immovable assets (infrastructure, community facilities, public amenities, investment property and associated land and intangible assets). Council adopted the revised asset management policy on 29 May 2015.

#### **2.4.9 Capital Infrastructure Investment Policy**

The Capital Infrastructure Investment Policy was adopted on 29 May 2014 and the objective is the adequate maintenance of assets so as to provide a return on the City's investment.

#### **2.4.10 Funding and Reserves Policy**

The Funding and Reserves policy was adopted by Council on 29 May 2013 and is aimed at ensuring that the Municipality has sufficient and cost-effective funding in order to achieve its long term objectives through the implementation of the medium term operating and capital budgets.

#### **2.4.11 Policy on Long-Term Financial Planning**

The Policy on Long Term Financial Planning was adopted by Council on 29 May 2013 and encompasses the development, implementation and evaluation of a plan for the provision of basic municipal services and capital assets.

#### **2.4.12 Budget Implementation & Management Policy (Budget Virement Policy)**

The Budget Implementation & Management Policy (Budget Virement Policy) was adopted by Council on 29 May 2013 and is to effectively and efficiently manage the budget transfers to ensure optimum service delivery. The amended policy was submitted to Council together with the draft budget and adopted by Council on 30 March 2016. The amended policy is attached as annexure G (amendments are highlighted in the policy for easy reference).

#### **2.4.13 Budget Policy**

The Budget was adopted by Council the year 2007 and is to provide the principles which the municipality will follow in preparing each medium term revenue and expenditure framework budget, and adjustment budgets. The amended policy was submitted to Council together with the draft budget and adopted by Council on 30 March 2016. The amended policy is attached as annexure H (amendments are highlighted in the policy for easy reference).

All the above policies are available and can be viewed on Buffalo City Metropolitan Municipality's Website: [www.buffalocitymetro.gov.za](http://www.buffalocitymetro.gov.za).

## **2.5 OVERVIEW OF BUDGET ASSUMPTIONS**

The 2016/17 – 2018/19 annual budget and MTREF was prepared using 2014/15 financial year's audit outcome and lessons learned from the 2015/16 budget and adjustment budget as a base. The guidelines and assumptions as outlined in the MFMA Circulars (78 and 79), National and Provincial Government priorities, including making reference to the Municipal Reporting and Budget Regulations;

The municipality's revenue strategy is built around the following key components:

- Efficient revenue management, which aims to ensure a 93.5% annual collection rate over the medium term for property rates and other key service charges;
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Move from a flat-rate billing system to all consumers billed according to consumption;
- Implementation of an automated billing system as opposed to a manual meter reading process;
- Regular Supplementary Valuations performed.
- Implementation of a General Valuation every four years in terms of the Municipal Property Rates Act.
- Creating a conducive environment to attract potential investors.
- Review of the Spatial Development Plan to allow for human capital resources to be closer to economic and job opportunities.

The municipality's expenditure strategy is built around the following key components:

- Our expenditure strategy is ensuring that capital expenditure is incurred in line with the requirements detailed in the Spatial Development Plan to ensure maximum return to the municipality.
- Re-prioritisation of expenditure to ensure any inefficiencies are eliminated to allow for own-funded capital programme.
- Additional funding to be allocated to the maintenance of the infrastructure.

### **2.5.1 Depreciation**

Buffalo City Metropolitan Municipality is attempting to comply with the guidelines provided by National Treasury in relation to future financial sustainability and has therefore implemented a revaluation policy relating to the roads infrastructure assets. It needs to be recognised that the whole reason for depreciation is to adequately allocate the cost of providing services against the revenue being generated. It further needs to be recognised within the Local Government environment that the resources being accumulated are to allow for the replacement of the asset which was originally created. Considering that the replacement of an asset that has reached its useful life will be the responsibility of Government through the various spheres including Local Government or, failing which, will become the responsibility of National Government. The determining factor would be then how much risk is borne by Local Government versus the risk borne by National Government. In order to adequately allow for the replacement of long term assets in the future, and to reduce the risk being placed on National Government to allow for the replacement, Buffalo City Metropolitan Municipality has implemented the revaluation policy for long term infrastructure assets. This does have the effect of increasing the monthly tariff to the local consumer, however it will allow for resources to be available to replace infrastructure assets that have reached the end of their useful lives.

As depreciation is an expenditure item which does not result in an outflow of cash, the effect would be to increase the cash resources that exist at a Local Government level. The main purpose of the increase in the cash resources is to allow for the replacement of infrastructure assets in the future. There is a further risk that a perception could be created with increasing cash resources that these are available for current use. Should these resources be utilised in an attempt to expand the city through the creation of additional infrastructure expansion it could have a severe adverse effect on the operations of the institutions in that any expansion will result in an additional depreciation charge as part of the budgeting process and, furthermore, there will be no funding available at a local government level to allow for the replacement of

infrastructure assets which is currently in operation. This would place further risk on National Government to fund the replacement of these infrastructure assets.

It does need to be recognised that, even with the revaluation policy, to replace the asset will still require grants from National Government, however the grant assistance would be less than the amount required assuming the cost basis.

In the case of Buffalo City Metropolitan Municipality, there is a potential to increase the loan funding available to the institution to allow for the replacement of infrastructure assets as the institution has low gearing. It is recognised that this would be part of a solution to adequately fund the replacement of the infrastructure assets going into the future however this cannot be viewed as the complete solution. It needs to be recognised that there is a cost associated with borrowing funds together with the requirement to repay the capital associated with the loan. If not adequately planned, this could further burden the consumers and also result in asset stripping.

Buffalo City Metropolitan Municipality has recognised the requirement to replace the institutions infrastructure in the future and, together with the guidance being provided by National Treasury to achieve a sustainable institution, is attempting to implement policies which will achieve these goals. The revaluation of long tenure infrastructure assets is an attempt to correctly allocate the use of infrastructure assets against the income being generated thereby allowing for additional resources to be generated at a local government level to be accumulated to prevent the deterioration of services being offered to the consumers. The adverse effect of this policy is that a slightly higher monthly bill is expected to be paid by the consumers in relation to its peers, however this policy is specifically implemented in an attempt to allow for the replacement of infrastructure assets in the future. The institution does recognise that this is not a complete solution to the problem however through a mix of local government resources, budgeted surpluses, long term funding and grants from National Government, all of which are strategically planned for, the institution can allow for the replacement of existing aging infrastructure assets in the future.

### **2.5.2 General inflation outlook and its impact on the municipal activities**

There following are the key factors that have been taken into consideration in the compilation of the 2016/17 MTREF:

- National Government macro-economic targets for inflation is set to be 6.6% for the 2016/17 financial year.
- Salaries are set to increase by CPI plus one (6% in 2016) as guided by SALGA.
- Water bulk purchases are set to increase by 10% as negotiated with Amatola Water Board.
- Electricity bulk purchases are set to increase by 7.86% as per the guidelines received from NERSA.
- The City has adopted an aggressive approach with regards to budget on General Expenses and Contracted Services where cost containment measures have been put in place. Therefore the annual increase on these expenditure categories has been capped at 4% which is 2.6% below the CPI.
- Repairs and maintenance has been increased by 11.5% and constitute 7% of the total operating expenditure. The City has recognized the target to be reached is 10%, however cognizance should be given to the impact on tariffs in this regard.
- The City approved an Asset Management Policy in the 2012/13 financial year. It was felt that in preparing this policy that the most appropriate valuation model for our roads and storm-water infrastructure as well as municipal properties would be the revaluation approach. The reason for this approach being used was specifically to allow for additional funding to be accumulated to replace and/or refurbish these infrastructure assets in the future. It needs to be recognized that if this approach was not followed there would be significant risk to the national fiscus and by implication National Treasury to be able to allow for significant additional funding for the replacement of these assets in the future. It is further emphasized that this approach is in line with National Treasury guidelines to ensure the institution remains financially viable. The resulting impact of this policy is a significant increase in depreciation being charged on an annual basis which is placing

pressure on our operational budget and by inference our tariffs. An attempt has however been made in the 2016/17 MTREF budget to keep tariff increases at affordable levels.

The table below indicate the budget assumptions that were used in preparing the 2016/17 MTREF budget:

**Table 43: 2015/2016 to 2018/2019 Budget Assumptions**

DESCRIPTION	2015/2016	2016/2017	2017/2018	2018/2019
National Treasury Headline Inflation Forecasts	5.80%	6.60%	6.20%	5.90%
Salaries	5.60%	6.00%	7.20%	6.90%
Electricity Purchases	14.24%	7.86%	7.86%	7.86%
Water Purchases	8.00%	10.00%	10.00%	10.00%
Free Basic Electricity	50 kwh p.m.	50 kwh p.m.	50 kwh p.m.	50 kwh p.m.
Free Basic Water	6 kl p.m.	6 kl p.m.	6 kl p.m.	6 kl p.m.
Basic Welfare Package	R 450,63	R 485,52	R 516,29	R 553,95
Equitable Share Allocation	R 655 141 000	R 678 197 000	R 703 602 000	R 760 226 000
Bad Debt Provision	8,00%	7,50%	7,50%	7,50%
Property Rates	9.90%	7.60%	7.20%	7.00%
Refuse Tariff	9.50%	7.80%	7.50%	7.20%
Sewerage Tariff	9.50%	7.80%	7.50%	7.20%
Electricity Tariff	12.20%	7.64%	7.64%	7.64%
Water Tariff	11.00%	8.00%	7.89%	7.92%
Fire Levy	9.90%	7.60%	7.20%	7.00%
Sundry Income	9.90%	7.60%	7.20%	7.00%

The City has continued to offer the indigents the free basic subsidy package as indicated below:

**Table 44: Indigent Subsidy Package**

	Total Per Household 2015/2016	Total Per Household 2016/2017	Total Per Household 2017/2018	Total Per Household 2017/2018
Rates	112,99	121,58	130,33	139,46
Refuse	170,97	184,31	192,60	206,47
Sewerage	8,15	8,79	9,45	10,13
Fire Levy	36,63	39,41	42,25	45,21
<b>Total Monthly Subsidy</b>	<b>328,75</b>	<b>354,09</b>	<b>374,63</b>	<b>401,26</b>
Electricity - 50kwh p.m.	55,67	59,93	64,51	69,43
Water - 6kl p.m.	66,21	71,51	77,15	83,26
<b>Total Poor Relief</b>	<b>450,63</b>	<b>485,52</b>	<b>516,29</b>	<b>553,95</b>

The guidance received from National Treasury in respect of DoRA and fuel levy has been included in the 2016/17 MTREF budget. .

**Table 45: Tariff increases over the medium-term**

Description	2015/2016	2016/2017	2017/2018	2018/2019
Rates	9.90%	7.60%	7.20%	7.00%
Refuse	9.50%	7.80%	7.50%	7.20%
Sewerage	9.50%	7.80%	7.50%	7.20%
Electricity	12.20%	7.64%	7.64%	7.64%
Water	11.00%	8.00%	7.89%	7.92%
Fire Levy	9.90%	7.60%	7.20%	7.00%
Sundry Income	9.90%	7.60%	7.20%	7.00%

### 2.5.3 Credit rating outlook

Table 46: Credit rating outlook

Security class	Currency	Rating	Annual rating 2012/13	Previous Rating
Short term	Rand	A1-	June 2013	A1-
Long-term	Rand	A	June 2013	A
Outlook	Rand	Positive	June 2013	Positive

The service provider has been engaged by the City and will shortly conduct an assessment of the 2014/2015 annual financial statements to review and issue a new credit rating for the City.

The rating definitions are:

- Short term: A1- (**single A one minus**); defined as having a high certainty of timely payment. Liquidity factors are strong and supported by good fundamental protection factors. Risk factors are very small.
- Long-term: A (**single A**); defined as having high credit quality. Protection factors are good. However, risk factors are more variable and greater in periods of economic stress.

The City's last credit rating reflected a stagnant financially stable environment.

### 2.5.4 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The City engages in financing arrangements to minimise its interest rate costs and risk. The average interest rate for borrowings is currently 10.17%. The municipality is has budgeted R57 million in the 2016/17 financial year, R71 million and R86 million in the two outer years respectively in respect of its existing long term borrowings and the new loan that is being sought by the City. The City is investing its cash reserves on various investing institution in line with the MFMA. The interest rate is currently 6.25% on primary bank account and 6.45% on investment call accounts. An amount of R123 million has been projected in the 2016/17 financial

year, R126 million in the 2017/18 financial year and R130 million in the 2018/19 financial year.

#### **2.5.5 Collection rate for revenue services**

The rate of revenue collection is currently at 90% of annual billings and arrear debt. Stricter control measures of the Credit Control Policy are being enforced, the collection of arrear debt will be utilised as a source of additional cash in-flow for funding future capital infrastructure projects. An amount of R304 million contribution towards bad debts has been provided for the 2016/17 financial year and is based on projected average collection ratio of 92.5% at the 30 June 2016.

#### **2.5.6 Growth in the tax base of the municipality**

Revenue from own sources is assumed to increase at a rate that is influenced by the consumer debtors collection rate, tariff/rate pricing, real growth rate of the City, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

#### **2.5.7 Salary and Wage increases**

The guidance provided on MFMA Circular 79 as well as SALGA guideline has been followed in projecting salary and wage increases of CPI plus one. This is in line with the existing Salary and Wage Collective Agreement regarding salaries/wages.

#### **2.5.8 Impact of National, Provincial and Local policies**

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial

interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Accelerate Public Infrastructure Investment;
- Support for special economic zones and manufacturing incentives;
- Further expansion of public works programmes
- Investment in renewable energy
- Overhaul procurement and supply chain management
- Creating jobs and reduce poverty
- Skill development;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

#### **2.5.9 Ensuring maintenance of existing assets**

Repairs and maintenance has been budgeted at 7% of the total operating expenditure. The city has recognised the target to be reached is 10%, however cognizance should be given to the impact on tariffs in this regard. Substantial budget allocation has been made for renewal of existing assets as detailed in the capital program section.

#### **2.5.10 Ability of the municipality to spend and deliver on the programmes**

The establishment of the Enterprise Project Management Office (EPMO) Office has assisted capital spending of the City. It is anticipated that the spending pattern will continue to improve in the MTREF period.

## **2.6 OVERVIEW OF BUDGET FUNDING**

The 2016/17 MTREF budget is fully funded utilising receipts from the following funding sources:

- Own Funds (Internally Generated Funds and Borrowing)
- Division of Revenue Act (National Revenue Fund) including Equitable Share
- Provincial Government
- Fuel levy
- Other Grants and subsidies

### **2.6.1 Tariff Increases over the Medium-term**

Consideration of bad economic climate that is affecting the City's consumers was taken into consideration when determining the tariff increases. Ensuring that tariff are fully recovering the costs of running the service was also given high consideration in determining the tariff increases.

The table below reflects the proposed tariffs for the 2016/2017 MTREF period.

**Table 47: Tariff increases 2016/17 to 2018/19**

Description	2015/2016	2016/2017	2017/2018	2018/2019
Rates	9.90%	7.60%	7.20%	7.00%
Refuse	9.50%	7.80%	7.50%	7.20%
Sewerage	9.50%	7.80%	7.50%	7.20%
Electricity	12.20%	7.64%	7.64%	7.64%
Water	11.00%	8.00%	7.89%	7.92%
Fire Levy	9.90%	7.60%	7.20%	7.00%
Sundry Income	9.90%	7.60%	7.20%	7.00%

## 2.6.2 Detailed Investment

The tables below provide detail investment information and investment particulars by maturity.

**Table 48: MBRR Table SA15 – Detail Investment Information**

Investment type R thousand	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Parent municipality</b>										
Securities - National Government										
Listed Corporate Bonds		1 699 360	1 966 369	2 137 189	2 303 434	2 380 443	2 380 443	2 408 873	2 569 586	2 781 310
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
<b>Municipality sub-total</b>	1	1 699 360	1 966 369	2 137 189	2 303 434	2 380 443	2 380 443	2 408 873	2 569 586	2 781 310
<b>Entities</b>										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
<b>Entities sub-total</b>		-	-	-	-	-	-	-	-	-
<b>Consolidated total:</b>		1 699 360	1 966 369	2 137 189	2 303 434	2 380 443	2 380 443	2 408 873	2 569 586	2 781 310

**Table 49: MBR Table SA16 – Investment particulars by maturity**

Investments by Maturity		Period of Investment Yrs/Months	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate 3.	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Name of institution & investment ID														
RMB	Various	Short Term / Call	No	Variable	0,0625	0	0	Various	575 859	35 944	(9 584)	—	602 218	
Standard Bank	Various	Short Term / Call	No	Variable	0,0625	0	0	Various	287 929	17 972	(4 792)	—	301 109	
Stanlib	Various	Short Term / Call	No	Variable	0,0726	0	0	Various	287 929	17 972	(4 792)	—	301 109	
ABSA	Various	Short Term / Call	No	Variable	0,0625	0	0	Various	575 859	35 944	(9 584)	—	602 218	
Nedbank	Various	Short Term / Call	No	Variable	0,0625	0	0	Various	575 859	35 944	(9 584)	—	602 218	
<b>Municipality sub-total</b>									2 303 434	(38 336)	—	—	—	—
<b>Entities</b>										—	—	—	—	—
<b>Entities sub-total</b>										—	—	—	—	—
<b>TOTAL INVESTMENTS AND INTEREST</b>									2 303 434	(38 336)	—	—	—	2 408 873

### 2.6.3 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2016/17 medium-term capital programme:

**Table 50: MBRR Table A5 - Sources of capital revenue over the MTREF**

Vote Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Funded by:</b>										
National Government	515 570	722 854	565 914	742 884	702 762	702 762	702 762	741 969	842 151	969 510
Provincial Government	-	11 649	49 578	107 469	86 850	86 850	86 850	106 300	50 635	-
District Municipality	-	-	-	-	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	515 570	734 503	615 492	850 353	789 612	789 612	789 612	848 269	892 786	969 510
Public contributions & donations	-	-	-	-	459	459	459	-	-	-
Borrowing	18 146	-	-	-	-	-	-	69 582	189 352	176 867
Internally generated funds	59 769	100 136	314 558	425 002	600 806	600 806	600 806	640 283	638 685	631 622
<b>Total Capital Funding</b>	<b>593 485</b>	<b>834 638</b>	<b>930 050</b>	<b>1 275 354</b>	<b>1 390 877</b>	<b>1 390 877</b>	<b>1 390 877</b>	<b>1 558 134</b>	<b>1 720 823</b>	<b>1 777 999</b>

## 2.6.4 Details of Borrowings

The repayment of capital and interest (debt services costs) has substantially increased over the past three years. The City will be acquiring additional loan in the 2016/17 MTREF period amounting to approximately R436 million to fund the Sewer Diversion Tunnel Project. This project is critical in unlocking development in the Amalinda Junction, Wilsonia, Fort Jackson and Reeston area. The development would contribute to the revenue base of the City.

The following table is a detailed analysis of the City's borrowing liability.

**Table 51: MBRR Table SA17 - Details of borrowings**

Borrowing - Categorised by type R thousand	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Parent municipality</b>										
Long-Term Loans (annuity/reducing balance)		597 207	542 574	496 477	496 477	496 477	496 477	514 234	651 791	769 097
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases		3 623	3 425	767	3 941	3 941	3 941	3 941	3 425	3 425
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Municipality sub-total	1	600 830	545 999	497 244	500 418	500 418	500 418	518 175	655 216	772 522
<b>Entities</b>										
Long-Term Loans (annuity/reducing balance)										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Entities sub-total	1	-	-	-	-	-	-	-	-	-
<b>Total Borrowing</b>	1	600 830	545 999	497 244	500 418	500 418	500 418	518 175	655 216	772 522

## 2.6.5 Capital Transfers and Grant Receipts

**Table 52: MBRR Table SA 18 - Capital transfers and grant receipts**

Description R thousand	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Capital Transfers and Grants</b>										
National Government:		542 474	619 676	664 712	742 884	702 762	702 762	741 969	842 151	969 510
Urban Settlement Development Grant		499 474	569 797	639 025	679 784	659 542	659 542	656 054	710 976	708 935
Infrastructure Skills Development Grant		-	100	100	100	100	100	100	100	100
Energy Efficiency and Demand Management		10 000	4 579	-	13 000	13 000	13 000	-	5 000	3 000
Public Transport Network Grant		3 000	20 000	-	-	-	-	35 289	60 167	166 393
Neighbourhood Development Partnership		-	-	5 000	20 000	-	-	19 346	24 979	49 525
Integrated National Electrification Programme		30 000	25 000	20 587	30 000	30 000	30 000	25 000	30 000	30 000
Finance Management		-	200	-	-	120	120	100	100	100
Integrated City Development Grant		-	-	-	-	-	-	6 080	10 829	11 457
Other capital transfers/grants [insert desc]										
Provincial Government:		20 880	29 025	-	107 469	86 850	86 850	106 300	50 635	-
Human Settlement Development Grant		20 880	29 025	-	94 400	69 800	69 800	106 300	50 635	-
Human Settlement Development Grant - MPCC		-	-	-	13 069	-	-	-	-	-
Dept Sport, Recreation, Arts and Culture (DSRAC)		-	-	-	-	8 014	8 014	-	-	-
Dept of Local Government and Traditional Affairs		-	-	-	-	9 036	9 036	-	-	-
Dept of Economic Development, Environmental Affairs and Tourism (DEDEAT)		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Health Subsidy - Environmental Health										
Other grant providers:		272	340	-	-	459	459	-	-	-
Public Funding		272	340	-	-	-	-	-	-	-
European Commission		-	-	-	-	-	-	-	-	-
BCMET Funding										
Lieden						459	459	-	-	-
Total Capital Transfers and Grants	5	563 626	649 041	664 712	850 353	790 071	790 071	848 269	892 786	969 510
TOTAL RECEIPTS OF TRANSFERS & GRANTS		1 231 087	1 464 529	1 472 015	2 099 564	1 868 165	1 868 165	2 162 528	2 340 167	2 672 562

## 2.6.6 Cash Flow Management

BCMM is projecting a favourable cash position of R2.5 billion at 30 June 2017 and it is projected to be R2.65 billion at 30 June 2018 (2019: R2.9 billion).

**Table 53: MBR Table A7 – Budgeted cash flow**

R thousand	Description	Ref	2012/13			2013/14			2014/15			Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	+1 2017/18	Budget Year +2 2018/19	Budget Year 2016/17	+1 2017/18	Budget Year +2 2018/19			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>																	
Receipts																	
Property rates, penalties & collection charges	580 100	672 957	794 519	B31 140	884 767	884 767	1 038 701	1 113 488	1 191 432								
Service charges	1 965 059	2 198 960	2 424 753	2 471 802	2 644 096	2 644 096	2 708 964	2 916 030	3 137 087								
Other revenue	287 662	447 934	B4 777	657 180	651 758	651 758	330 305	354 087	378 873								
Government - operating	1 723 457	812 186	948 263	1 149 387	1 078 556	1 078 556	1 319 728	1 450 381	1 703 052								
Interest	1 506 406	734 503	615 492	850 353	812 071	812 071	848 269	892 786	969 510								
Dividends	106 184	123 654	159 221	152 531	165 794	165 794	178 426	189 946	201 719								
Payments					0	0	0	–	–								
Suppliers and employees	(2 808 957)	(3 821 719)	(3 718 728)	(4 448 581)	(4 304 041)	(4 304 041)	(4 430 013)	(4 791 638)	(5 290 190)								
Finance charges	(67 259)	(65 777)	(60 674)	(54 313)	(55 813)	(55 813)	(57 105)	(70 939)	(85 887)								
Transfers and Grants	1 (115 922)	(144 964)	(234 175)	(258 568)	(258 568)	(258 568)	(288 468)	(310 165)	(333 178)								
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>1 176 732</b>	<b>957 735</b>	<b>1 013 447</b>	<b>1 350 929</b>	<b>1 618 620</b>	<b>1 618 620</b>	<b>1 648 807</b>	<b>1 743 978</b>	<b>1 872 417</b>								
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>																	
Receipts																	
Proceeds on disposal of PPE	18 168	766	6 364	–	–	–	–	–	–	–	–						
Decrease (increase) in non-current debtors	–	–	–	13	14	16	–	–	–	–	–						
Decrease (increase) other non-current receivables	13	–	–	(36)	–	–	–	–	–	–	–						
Decrease (increase) in non-current investments	(36)	892	–														
Payments																	
Capital assets	(608 431)	(588 536)	(930 050)	(1 275 354)	(1 390 877)	(1 390 877)	(1 390 877)	(1 390 877)	(1 558 134)	(1 720 823)	(1 777 999)						
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(590 286)</b>	<b>(586 854)</b>	<b>(923 670)</b>	<b>(1 275 354)</b>	<b>(1 390 877)</b>	<b>(1 390 877)</b>	<b>(1 390 877)</b>	<b>(1 390 877)</b>	<b>(1 558 134)</b>	<b>(1 720 823)</b>	<b>(1 777 999)</b>						
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>																	
Receipts																	
Short term loans	(278 943)	–	–														
Borrowing long term/refinancing	8 599	(681)	3 667														
Increase (decrease) in consumer deposits																	
Payments																	
Repayment of borrowing	5 243	(49 072)	(57 336)	(46 097)	(46 097)	(46 097)	(46 097)	(46 097)	(51 794)	(59 561)							
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(265 100)</b>	<b>(49 753)</b>	<b>(53 669)</b>	<b>(46 097)</b>	<b>(17 757)</b>	<b>137 558</b>	<b>117 306</b>										
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>321 346</b>	<b>321 118</b>	<b>38 108</b>	<b>29 477</b>	<b>181 645</b>	<b>181 645</b>	<b>108 430</b>	<b>160 713</b>	<b>211 724</b>								
Cash/cash equiv alents at the year begin:	2 1 521 969	1 843 315	2 164 433	2 353 956	2 198 797	2 198 797	2 380 443	2 488 873	2 649 586								
Cash/cash equiv alents at the year end:	2 1 843 315	2 164 433	2 200 541	2 343 434	2 380 443	2 380 443	2 488 873	2 649 586	2 861 310								

### 2.6.6.1 Cash Backed Reserves/Accumulated Surplus Reconciliation

The table below indicates the cash and investments available after some provisions which increases from R2.2 billion in the 2016/17 financial year to R2.5 billion in the 2018/19 financial year. With the introduction of GRAP the institution was required to account for all assets, including those which had been implemented historically by both pre and post 1994 Governments. This resulted in a significant increase in the accumulated surplus associated with the take on of assets. Furthermore, the institution has implemented the revaluation model for accounting for roads and storm water as well as municipal properties which has contributed further to additional surpluses. In analysing the accumulated depreciation associated with the identified infrastructure assets and comparing that to the net asset position of the institution it has been determined that there is currently a funding deficit of R10 billion required for the future replacement of infrastructure assets.

**Table 54: MBRR Table A8 – Cash Backed Reserves/Accumulated Surplus Reconciliation**

Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Cash and investments available</b>										
Cash/cash equivalents at the year end	1 843 315	2 164 433	2 200 541	2 383 434	2 380 443	2 380 443	2 380 443	2 488 873	2 649 586	2 861 310
Other current investments > 90 days	0	0	0	0	80 000	80 000	80 000	-	-	-
Non current assets - Investments	892	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>	<b>1 844 207</b>	<b>2 164 433</b>	<b>2 200 541</b>	<b>2 383 434</b>	<b>2 460 443</b>	<b>2 460 443</b>	<b>2 460 443</b>	<b>2 488 873</b>	<b>2 649 586</b>	<b>2 861 310</b>
<b>Application of cash and investments</b>										
Unspent conditional transfers	460 596	213 718	205 715	112 800	112 800	112 800	112 800	124 080	136 488	150 137
Unspent borrowing	-	-	-	-	-	-	-	-	-	-
Statutory requirements										
Other working capital requirements	(29 673)	42 927	(129 460)	(41 821)	(57 441)	(57 441)	(146 120)	(124 706)	(122 981)	(128 817)
Other provisions	180 396	184 142	176 668	251 610	251 610	251 610	251 610	276 800	304 480	304 480
Long term investments committed	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments										
<b>Total Application of cash and investments:</b>	<b>611 319</b>	<b>449 786</b>	<b>252 922</b>	<b>322 589</b>	<b>306 969</b>	<b>306 969</b>	<b>218 290</b>	<b>276 174</b>	<b>317 987</b>	<b>325 800</b>
<b>Surplus(shortfall)</b>	<b>1 232 888</b>	<b>1 723 647</b>	<b>1 947 619</b>	<b>2 060 845</b>	<b>2 153 474</b>	<b>2 153 474</b>	<b>2 242 153</b>	<b>2 212 699</b>	<b>2 331 599</b>	<b>2 535 509</b>

### 2.6.6.2 Funding compliance measurement

From a cash flow perspective (cash outflow versus cash inflow) the budget is fully funded and is therefore credible. The challenge for the City will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

**Table 55: MBRR Table SA10 – Funding compliance measurement**

Description	MFMA section	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Funding measures</b>												
Cash/cash equivalents at the year end - R'000	18(1)b	1	1 843 315	2 164 433	2 200 541	2 383 434	2 380 443	2 380 443	2 380 443	2 488 873	2 649 586	2 861 310
Cash + investments at the yr end less applications - R'000	18(1)b	2	1 232 888	1 723 647	1 947 619	2 060 845	2 153 474	2 153 474	2 242 153	2 212 699	2 331 599	2 535 509
Cash year end/monthly employee/supplier payments	18(1)b	3	8.5	8.5	7.8	7.6	7.5	7.5	7.5	7.4	7.3	7.2
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	458 800	604 192	349 126	851 275	851 275	851 275	851 275	849 347	894 454	972 266
Service charge rev % change - macro CPK target exclusive	18(1)a,(2)	5	N.A.	6.8%	6.1%	5.5%	(1.7%)	(5.0%)	(5.0%)	2.2%	1.5%	1.4%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	90.7%	92.8%	85.2%	91.3%	93.3%	93.3%	93.3%	91.8%	91.8%	91.8%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	4.2%	8.4%	11.3%	6.8%	6.8%	6.8%	6.8%	7.5%	7.5%	7.5%
Capital payments % of capital expenditure	18(1)c,19	8	102.5%	70.5%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	(358.0%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	9.8%	22.9%	21.9%
Grants % of Govt legislated/gazetted allocations	18(1)a	10								100.0%	100.0%	100.0%
Current consumer debtors % change - incr/(decr)	18(1)a	11	N.A.	(2.8%)	21.0%	(1.3%)	0.0%	0.0%	12.3%	20.6%	8.3%	9.3%
Long term receivables % change - incr/(decr)	18(1)a	12	N.A.	(37.2%)	(65.0%)	535.6%	0.0%	0.0%	0.0%	10.0%	10.0%	10.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	2.6%	2.4%	2.4%	3.3%	3.3%	3.3%	3.3%	3.1%	3.2%	3.3%
Asset renewal % of capital budget	20(1)(vi)	14	23.2%	10.0%	54.0%	58.4%	61.9%	61.9%	0.0%	51.6%	56.0%	52.6%

#### **2.6.6.3 Cash/cash equivalent position**

BCMM is also projecting a favourable cash position, which currently projected to be R2.38 billion at 30 June 2016 and is projected to be R2.5 billion at 30 June 2017 (2018: R2.65 billion and 2019: R2.9 billion).

#### **2.6.6.4 Cost Coverage**

The projected cost coverage, including conditional grants is projected to be 7.4 months at 30 June 2016 and is projected to remain around 7 months over the MTREF period. BCMM maintains a cost coverage of at least 3 months.

#### **2.6.6.5 Surplus/deficit**

The City has adopted the approach to cash back its depreciation on a year-to-year basis in order to renew and/or refurbish its existing infrastructure assets. The projected surplus for the 2016/17 financial year is R1.1 million (2017/18: R1.7 million and 2018/19 R2.8 million).

#### **2.6.6.6 Property Rates/service charge revenue as a percentage increase less macro inflation target**

In order for the trading services to breakeven and/or generate a surplus the revenue income percentage increase is set slightly above inflation. This trend will have to be carefully monitored and managed with the implementation of the budget.

#### **2.6.6.7 Cash receipts as a percentage of ratepayer and other revenue**

The rate of revenue collection is currently at 90% of annual billings and arrear debt. Stricter control measures of the Credit Control Policy are being enforced, the collection of arrear debt will be utilised as a source of additional cash in-flow for funding future capital infrastructure projects. It is projected that the average collection rate at 30 June 2016 will be 92.5%.

#### **2.6.6.8 Debt impairment expense as a percentage of billable revenue**

An amount of R304 million contribution towards bad debts has been provided for in the 2016/17 financial year of the MTREF and is based on an average collection ratio of 92.5%.

#### **2.6.6.9 Repairs and maintenance expenditure level**

The City is having a consistent trend of spending above 90% of its repairs and maintenance budget. The allocation of repairs and maintenance is 7% of operating expenditure budget in the MTREF. Substantial own funding has been allocated to renew existing assets. Budget details are contained in SA34C.

#### **2.6.6.10 Asset renewal/rehabilitation expenditure level**

Details of the City's strategy pertaining to asset management and repairs and maintenance is contained in SA34B.

## 2.7 EXPENDITURE ON GRANTS AND RECONCILIATIONS OF UNSPENT FUNDS

**Table 56: MBRR Table SA19 - Expenditure on transfers and grant programmes**

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
					Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>EXPENDITURE:</b>											
<b>Operating expenditure of Transfers and Grants</b>											
National Government:											
Local Government Equitable Share	661 668	683 033	865 533	714 186	776 722	776 722	1 177 431	1 236 281	1 389 682		
Urban Settlement Development Grant	650 616	653 660	—	655 141	655 141	95 994	95 994	75 445	703 602	760 226	
Finance Management	6 232	20 855	78 087	33 348	1 300	1 180	1 180	1 200	63 226	104 400	
EPWP Incentive	1 500	1 294	1 474	—	—	—	—	1 149	1 149	900	
Infrastructure Skills Development Grant	930	3 278	1 596	1 149	—	—	—	—	—	—	
Water Services Operating Subsidy	1 265	3 946	5 376	8 400	8 400	8 400	8 400	8 400	8 900	10 900	11 900
Integrated City Development Grant	1 126	—	—	—	—	—	—	—	—	—	
Municipal Human Settlement Capacity Grant	—	—	—	—	—	—	—	—	—	—	
Department of Public Works	—	—	—	—	—	—	—	—	—	—	
General Fuel Levy	—	—	—	—	—	—	—	—	—	—	
	<b>55 722</b>	<b>125 579</b>	<b>200 685</b>	<b>531 687</b>	<b>298 252</b>	<b>298 252</b>	<b>138 802</b>	<b>211 100</b>	<b>313 370</b>		
Provincial Government:											
Roads Subsidy - Provincial Roads	—	1 871	—	1 871	1 871	1 871	1 871	1 871	—	—	
Dept of Economic Development, Environmental Affairs	—	—	—	—	—	—	—	2 500	2 500	—	
Dept of Economic Development, Environmental Affairs	7 730	2 313	3 462	—	—	—	—	—	—	—	
Department of Water Affairs	—	—	—	5 587	2 000	2 000	3 770	3 770	—	—	
Local Government & Traditional Affairs	73	2 522	—	—	2 522	2 522	2 522	2 522	—	—	
Health Subsidy - ATIC	—	3 638	—	3 638	3 638	3 638	3 638	3 638	15 000	15 000	
DSRAC - Library Subsidy	—	228	63	—	—	—	—	—	—	—	
Reclaim Land Claims Commission(RLCC)	—	—	—	—	—	—	—	31	31	—	
Dept Sport, Recreation, Arts and Culture (DSRAC)	1	318	19	—	—	—	—	766	766	—	
Dept of Land Affairs	47 918	114 686	191 535	521 656	283 154	283 154	283 154	283 154	123 802	196 100	297 500
Human Settlement Development Grant	—	—	—	—	—	—	—	—	—	—	
Human Settlement Development Grant - MPCC	0	—	—	—	—	—	—	—	—	—	
District Municipality:											
Health Subsidy - Environmental Health	<b>1 754</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Other grant providers:											
SETA - Skills Development	4 312	3 003	1 039	3 329	3 120	3 120	3 120	3 120	3 496	3 000	—
Donor Funding - Leiden & Galve	3 890	2 795	—	2 989	2 989	—	—	—	—	—	
Salaida	414	209	41	—	—	—	—	—	—	—	
Transnet	9	—	—	—	—	—	—	—	3 000	3 000	
Trust Funds	—	—	—	522	—	—	—	—	—	—	
Umsabomvu Youth Fund	—	—	467	—	—	—	—	131	131	—	
BCMET Funding	—	—	—	—	340	—	—	—	—	—	
Donor Funding - European Commission	—	—	—	—	—	—	—	—	—	—	
City of Oldenburg	—	—	—	—	—	—	—	—	496	—	
Vuna Awards	—	—	—	9	—	—	—	—	—	—	
Total operating expenditure of Transfers and Grants:	<b>723 457</b>	<b>811 614</b>	<b>286 236</b>	<b>1 249 211</b>	<b>1 078 093</b>	<b>1 078 093</b>	<b>1 319 728</b>	<b>1 450 381</b>	<b>1 703 052</b>		



R thousand	Description	Ref	2012/13		2013/14		2014/15		Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework	
			Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19		
<b>EXPENDITURE:</b>		1										
	<b>Capital expenditure of Transfers and Grants</b>											
	<b>National Government:</b>											
	Urban Settlement Development Grant	509 146	722 854	565 914	742 884	702 762	702 762	741 969	842 151	969 510		
	Infrastructure Skills Development Grant	465 008	693 162	540 252	679 784	659 542	659 542	656 054	710 976	708 935		
	Energy Efficiency and Demand Management	655	23	—	100	100	100	100	100	100		
	10 071	4 578	—	—	13 000	13 000	13 000	—	5 000	3 000		
	133	—	—	4 885	—	—	—	35 289	60 167	166 393		
	Neighbourhood Development Partnership	—	—	20 577	20 577	20 000	—	—	19 346	24 979	49 525	
	Integrated National Electrification Programme	33 278	24 997	—	30 000	30 000	30 000	25 000	30 000	30 000		
	Finance Management	—	—	—	—	120	120	100	100	100		
	Integrated City Development Grant	—	94	—	—	—	—	6 080	10 829	11 457		
	Other capital transfers/grants [insert desc]											
	<b>Provincial Government:</b>											
	Human Settlement Development Grant	6 220	10 506	49 322	107 489	86 850	86 850	106 300	106 355	—		
	Human Settlement Development Grant - MPCC	6 220	9 460	46 985	94 400	69 800	69 800	106 300	106 335	—		
	Dept Sport, Recreation, Arts and Culture (DSRAC)	—	—	665	13 069	—	—	—	—	—		
	—	1 046	1 377	—	8 014	8 014	—	—	—	—		
	Dept of Local Government and Traditional Affairs	—	—	179	—	9 036	9 036	—	—	—		
	Dept of Economic Development, Environmental Affairs and Tourism (DEDEAT)	—	—	117	—	—	—	—	—	—		
	<b>District Municipality:</b>											
	Health Subsidy - Environmental Health	—	—	—	—	—	—	—	—	—		
	Other grant providers:											
	Public Funding	205	1 143	256	—	459	459	—	—	—		
	European Commission	—	—	—	—	—	—	—	—	—		
	BCMET Funding	205	1 143	256	—	—	—	—	—	—		
	Lieden	—	—	—	459	459	—	—	—	—		
	Total capital expenditure of Transfers and Grants	515 570	734 503	615 492	850 353	790 071	790 071	848 269	892 786	969 510		
	<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>	1 239 027	1 546 117	903 729	2 059 564	1 868 165	1 868 165	2 167 997	2 343 167	2 672 562		

**Table 57: MBRR Table SA20 - Reconciliation between of transfers, grant receipts and unspent funds**

R thousand	Description	Ref	2012/13		2013/14		2014/15		Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework	
			Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19		
	<b>Operating transfers and grants:</b>	1,3										
	<b>National Government:</b>											
	Balance unspent at beginning of the year	67 401	(20 847)	2 975	-	13 201	13 201	-	-	-		
	Current year receipts	647 124	706 873	738 687	714 196	763 520	763 520	1 174 961	1 236 281	1 389 682		
	<b>Conditions met - transferred to revenue</b>	712 891	683 033	741 256	714 196	776 722	776 722	1 174 961	1 236 281	1 389 682		
	<b>Conditions still to be met - transferred to liabilities</b>	1 634	2 994	407	-	-	-	-	-	-		
	<b>Provincial Government:</b>											
	Balance unspent at beginning of the year	169 490	172 729	119 146	-	6 068	6 068	-	-	-		
	Current year receipts	5 831	103 141	106 798	531 687	292 183	292 183	144 272	214 400	313 370		
	<b>Conditions met - transferred to revenue</b>	6 439	126 131	205 945	531 687	298 252	298 252	144 272	214 400	313 370		
	<b>Conditions still to be met - transferred to liabilities</b>	168 882	149 739	20 000	-	-	-	-	-	-		
	<b>District Municipality:</b>											
	Balance unspent at beginning of the year	-	-	-	-	-	-	-	-	-		
	Current year receipts	-	1 288	-	-	-	-	-	-	-		
	<b>Conditions met - transferred to revenue</b>	-	-	-	-	-	-	-	-	-		
	<b>Conditions still to be met - transferred to liabilities</b>		1 288									
	<b>Other grant providers:</b>											
	Balance unspent at beginning of the year	17 229	16 052	1 949	-	131	131	-	-	-		
	Current year receipts	3 656	4 186	2 911	3 451	3 111	3 111	496	-	-		
	<b>Conditions met - transferred to revenue</b>	4 127	3 003	4 860	3 451	3 242	3 242	496	-	-		
	<b>Conditions still to be met - transferred to liabilities</b>	16 758	17 234	-	-	-	-	-	-	-		
	<b>Total operating transfers and grants revenue</b>	723 457	812 167	952 060	1 249 333	1 078 216	1 078 216	1 319 728	1 450 681	1 703 052		
	<b>Total operating transfers and grants - CTBM</b>	2	187 274	171 255	20 407	-	-	-	-	-		

**MBRR Table SA20 - Reconciliation between of transfers, grant receipts and unspent funds (continued)**

R thousand	Description	Ref	2012/13			2013/14			2014/15			Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
<b>Capital transfers and grants:</b>																	
<b>National Government:</b>																	
Balance unspent at beginning of the year			227 220	112 078	8 900	—	—	—	—	—	—	—	—	—	—	—	
Current year receipts			542 474	619 676	655 590	742 884	702 762	702 762	741 969	842 151	969 510						
<b>Conditions met - transferred to revenue</b>			<b>509 146</b>	<b>722 854</b>	<b>565 914</b>	<b>742 884</b>	<b>702 762</b>	<b>702 762</b>	<b>741 969</b>	<b>842 151</b>	<b>969 510</b>						
Conditions still to be met - transferred to liabilities			260 548	8 900	98 577	—	—	—	—	—	—	—	—	—	—	—	
<b>Provincial Government:</b>																	
Balance unspent at beginning of the year			10 727	16 687	74 009	—	107 469	17 050	17 050	—	—	—	—	—	—	—	
Current year receipts			6 220	29 025	—	—	69 800	69 800	106 300	106 300	50 635						
<b>Conditions met - transferred to revenue</b>			<b>6 220</b>	<b>10 506</b>	<b>49 322</b>	<b>107 469</b>	<b>86 850</b>	<b>86 850</b>	<b>106 300</b>	<b>106 300</b>	<b>50 635</b>						
Conditions still to be met - transferred to liabilities			10 727	35 207	24 687	—	—	—	—	—	—	—	—	—	—	—	
<b>District Municipality:</b>																	
Balance unspent at beginning of the year			1 979	1 979	—	—	—	—	—	—	—	—	—	—	—	—	
Current year receipts			—	—	—	—	—	—	—	—	—	—	—	—	—	—	
<b>Conditions met - transferred to revenue</b>			<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	
Conditions still to be met - transferred to liabilities			1 979	1 979	—	—	—	—	—	—	—	—	—	—	—	—	
<b>Other grant providers:</b>																	
Balance unspent at beginning of the year			67	18	256	—	—	—	—	—	—	—	—	—	—	—	
Current year receipts			205	340	102	—	459	459	—	—	—	—	—	—	—	—	
<b>Conditions met - transferred to revenue</b>			<b>205</b>	<b>1 143</b>	<b>358</b>	<b>—</b>	<b>—</b>	<b>459</b>	<b>459</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	
Conditions still to be met - transferred to liabilities			67	(785)	—	—	—	459	459	—	—	—	—	—	—	—	
<b>Total capital transfers and grants revenue</b>			<b>515 570</b>	<b>734 503</b>	<b>615 594</b>	<b>850 353</b>	<b>789 612</b>	<b>789 612</b>	<b>848 269</b>	<b>892 786</b>	<b>969 510</b>						
<b>Total capital transfers and grants - CTBM</b>			<b>2</b>	<b>273 322</b>	<b>45 301</b>	<b>123 264</b>	<b>—</b>	<b>459</b>	<b>459</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>				<b>1 239 027</b>	<b>1 546 670</b>	<b>1 567 654</b>	<b>2 099 686</b>	<b>1 867 828</b>	<b>1 867 828</b>	<b>2 167 997</b>	<b>2 343 467</b>	<b>2 672 562</b>					
<b>TOTAL TRANSFERS AND GRANTS - CTBM</b>				<b>460 596</b>	<b>216 555</b>	<b>143 670</b>	<b>—</b>	<b>459</b>	<b>459</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	

## **2.8 COUNCILLOR AND EMPLOYEE BENEFITS**

**Table 58: MBRRI Table SA22 - Summary of councillor and staff benefits**

Summary of Employees and Councillor remuneration		2013/14				2014/15				Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year H	Budget Year +2 2018/19							
R thousand		A	B	C	D	E	F	G	H	I	J	K	L	M	N		
<b>Councillors (Political Office Bearers plus Other)</b>		26 569	27 566	29 335	31 903	32 074	33 999	36 447	39 220								
Basic Salaries and Wages		2 627	2 833	3 047	3 328	3 297	3 495	3 747	3 968								
Pension and UIF Contributions		1 031	1 368	1 539	1 856	1 874	1 987	2 130	2 256								
Medical Aid Contributions		10 414	10 796	11 247	12 944	12 653	13 412	14 378	15 226								
Motor Vehicle Allowance		—	—	—	—	2 150	2 279	2 443	2 587								
Cellphone Allowance		2 690	2 525	2 515	2 879	2 762	2 762	2 927	3 138								
Housing Allowances		—	—	—	—	—	—	—	—								
Other benefits and allowances		—	—	—	—	—	—	—	—								
<b>Sub Total - Councillors</b>		<b>43 331</b>	<b>45 086</b>	<b>47 682</b>	<b>52 910</b>	<b>54 810</b>	<b>54 810</b>	<b>58 099</b>	<b>62 282</b>	<b>66 579</b>							
% increase		4,1%	5,8%	11,0%	3,6%	—	6,0%	7,2%	6,9%								
<b>Senior Managers of the Municipality</b>		<b>4 154</b>	<b>3 537</b>	<b>4 086</b>	<b>15 026</b>	<b>11 501</b>	<b>12 192</b>	<b>13 069</b>	<b>13 971</b>								
Basic Salaries and Wages		590	667	662	2 734	2 147	2 216	2 374	2 536								
Pension and UIF Contributions		48	103	94	266	254	262	270	278								
Medical Aid Contributions		—	—	—	—	—	—	—	—								
Overtime		—	—	—	—	—	—	—	—								
Performance Bonus		—	—	—	—	—	—	—	—								
Motor Vehicle Allowance		651	806	755	2 738	2 481	2 630	2 820	3 014								
Cellphone Allowance		—	—	—	—	391	391	414	444								
Housing Allowances		4	—	2	83	—	—	—	—								
Other benefits and allowances		1 267	959	1 188	2 273	1 242	1 242	2 202	2 360								
Payments in lieu of leave		—	—	—	—	—	—	—	—								
Long service awards		—	—	—	—	36	0	—	—								
Post-retirement benefit obligations		—	—	—	—	—	—	—	—								
<b>Sub Total - Senior Managers of Municipality</b>		<b>6 715</b>	<b>6 074</b>	<b>6 788</b>	<b>23 157</b>	<b>18 017</b>	<b>18 017</b>	<b>19 916</b>	<b>21 337</b>	<b>22 797</b>							
% increase		(9,5%)	11,8%	241,2%	(22,2%)	—	10,5%	7,1%	6,8%								
<b>Other Municipal Staff</b>																	
Basic Salaries and Wages		606 290	654 048	705 601	851 398	850 039	913 258	990 771	1 062 709								
Pension and UIF Contributions		118 568	126 960	134 721	155 271	163 908	174 823	184 670	197 132								
Medical Aid Contributions		42 170	46 789	52 819	96 719	79 727	81 759	84 212	86 738								
Overtime		62 099	80 707	107 200	60 348	60 348	72 218	74 401	79 534								
Performance Bonus		—	—	—	—	—	—	—	—								
Motor Vehicle Allowance		16 766	17 823	19 718	26 800	27 860	30 051	32 215	34 438								
Cellphone Allowance		—	—	—	—	3 665	3 665	3 884	4 164								
Housing Allowances		3 504	3 219	3 505	10 185	12 205	14 767	15 832	16 926								
Other benefits and allowances		92 356	162 063	116 479	139 402	171 170	179 077	189 815	202 913								
Payments in lieu of leave		20 868	22 094	29 230	7 307	15 291	16 209	17 376	18 574								
Long service awards		13 225	14 840	16 270	17 033	17 509	18 925	19 887	21 259								
Post-retirement benefit obligations		—	—	—	—	5 831	5 831	6 181	6 626								
<b>Sub Total - Other Municipal Staff</b>		<b>975 646</b>	<b>1 128 523</b>	<b>1 185 543</b>	<b>1 364 462</b>	<b>1 407 555</b>	<b>1 511 153</b>	<b>1 619 968</b>	<b>1 731 758</b>								
% increase		15,6%	5,1%	15,1%	15,1%	3,2%	—	7,4%	7,2%								
<b>Total Parent Municipality</b>		<b>1 025 691</b>	<b>1 179 684</b>	<b>1 240 013</b>	<b>1 440 529</b>	<b>1 480 382</b>	<b>1 589 167</b>	<b>1 703 587</b>	<b>1 822 135</b>								
			15,0%	5,1%	16,2%	2,8%	—	7,3%	7,2%								

**MBRR Table SA22 - Summary of councillor and staff benefits (Continued)**

Summary of Employee and Councillor remuneration		2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	+1 2017/18	Budget Year +2 2018/19	
	A	B	C	D	E	F	G	H	I	
<b>Board Members of Entities</b>										
Basic Salaries and Wages	—	—	665	96	96	96	103	111	118	
Pension and UIF Contributions	—	—	—	—	—	—	—	—	—	
Medical Aid Contributions	—	—	—	—	—	—	—	—	—	
Overtime	—	—	—	—	—	—	—	—	—	
Performance Bonus	—	—	—	—	—	—	—	—	—	
Motor Vehicle Allowance	—	—	—	—	—	—	—	—	—	
Cellphone Allowance	—	—	—	—	—	—	—	—	—	
Housing Allowances	—	—	—	—	—	—	—	—	—	
Other benefits and allowances	—	—	—	—	—	—	—	—	—	
Board Fees	—	—	—	—	—	—	—	—	—	
Payments in lieu of leave	—	—	—	—	—	—	—	—	—	
Long service awards	—	—	—	—	—	—	—	—	—	
Post-retirement benefit obligations	—	—	—	—	—	—	—	—	—	
<b>Sub Total - Board Members of Entities</b>	<b>—</b>	<b>174</b>	<b>665</b>	<b>96</b>	<b>96</b>	<b>96</b>	<b>103</b>	<b>111</b>	<b>118</b>	
<b>% Increase</b>			<b>283.4%</b>	<b>(85.6%)</b>			<b>7.6%</b>	<b>7.2%</b>	<b>6.9%</b>	
<b>Senior Managers of Entities</b>										
Basic Salaries and Wages	—	—	—	1 004	1 004	1 004	1 081	1 159	1 238	
Pension and UIF Contributions	—	—	—	184	184	184	198	213	227	
Medical Aid Contributions	—	—	—	91	91	91	98	105	113	
Overtime	—	—	—	—	—	—	—	—	—	
Performance Bonus	—	—	—	—	—	—	—	—	—	
Motor Vehicle Allowance	—	—	—	—	—	—	—	—	—	
Cellphone Allowance	—	—	—	—	—	—	—	—	—	
Housing Allowances	—	—	—	—	—	—	—	—	—	
Other benefits and allowances	—	—	—	—	—	—	—	—	—	
Payments in lieu of leave	—	—	—	—	—	—	—	—	—	
Long service awards	—	—	—	—	—	—	—	—	—	
Post-retirement benefit obligations	—	—	—	—	—	—	—	—	—	
<b>Sub Total - Senior Managers of Entities</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1 718</b>	<b>1 718</b>	<b>1 718</b>	<b>1 849</b>	<b>1 982</b>	<b>2 118</b>	
<b>% Increase</b>							<b>7.6%</b>	<b>7.2%</b>	<b>6.9%</b>	
<b>Other Staff of Entities</b>										
Basic Salaries and Wages	—	—	—	180	180	180	193	207	222	
Pension and UIF Contributions	—	—	—	34	34	34	37	40	42	
Medical Aid Contributions	—	—	—	91	91	91	98	105	113	
Overtime	—	—	—	—	—	—	—	—	—	
Performance Bonus	—	—	—	—	—	—	—	—	—	
Motor Vehicle Allowance	—	—	—	—	—	—	—	—	—	
Cellphone Allowance	—	—	—	—	—	—	—	—	—	
Housing Allowances	—	—	—	—	—	—	—	—	—	
Other benefits and allowances	—	—	—	—	—	—	—	—	—	
Payments in lieu of leave	—	—	—	—	—	—	—	—	—	
Long service awards	—	—	—	—	—	—	—	—	—	
Post-retirement benefit obligations	—	—	—	—	—	—	—	—	—	
<b>Sub Total - Other Staff of Entities</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>341</b>	<b>341</b>	<b>341</b>	<b>368</b>	<b>383</b>	<b>420</b>	
<b>% Increase</b>							<b>7.6%</b>	<b>7.2%</b>	<b>6.9%</b>	
<b>Total Municipal Entities</b>	<b>—</b>	<b>174</b>	<b>665</b>	<b>2 155</b>	<b>2 155</b>	<b>2 155</b>	<b>2 319</b>	<b>2 485</b>	<b>2 657</b>	
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>	<b>1 025 891</b>	<b>1 178 858</b>	<b>1 240 678</b>	<b>1 442 684</b>	<b>1 482 537</b>	<b>1 482 537</b>	<b>1 561 486</b>	<b>1 706 073</b>	<b>1 823 782</b>	
<b>% increase</b>		<b>15.0%</b>	<b>5.2%</b>	<b>16.3%</b>	<b>2.8%</b>		<b>7.3%</b>	<b>7.2%</b>	<b>6.9%</b>	
<b>TOTAL MANAGERS AND STAFF</b>	<b>882 560</b>	<b>1 134 586</b>	<b>1 192 331</b>	<b>1 386 678</b>	<b>1 427 631</b>	<b>1 427 631</b>	<b>1 533 283</b>	<b>1 643 680</b>	<b>1 757 084</b>	

**Table 59: MBRR Table SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)**

Disclosure of Salaries, Allowances & Benefits 1.		Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
<b>Rand per annum</b>									
<b>Councillors</b>	3	4	1	638 158	110 286	359 482			1 107 926
Speaker		1	598 272	121 948	299 020				1 019 240
Chief Whip		1	790 172	34 550	536 561				1 361 283
Executive Mayor or Deputy Executive Mayor		1	638 157	40 266	429 501				1 107 924
Executive Committee		1	6 001 217	780 770	3 402 324				10 184 311
Total for all other councillors	114		25 332 837	4 394 036	13 591 245				43 318 118
<b>Total Councillors</b>	8	119	33 998 813	5 481 856	18 618 133				<b>58 098 802</b>
<b>Senior Managers of the Municipality</b>									
Municipal Manager (MM)	5	1	1 214 370	220 463	570 794				2 005 627
Chief Finance Officer		1	1 011 975	249 433	409 071				1 670 479
Director of Engineering Services		1	1 004 237	215 853	437 888				1 657 978
Director of Public Safety and Health		1	1 004 237	214 289	475 739				1 694 265
Director Of Community Services		1	1 004 237	214 289	475 739				1 694 265
Other		7	6 952 525	1 481 020	2 759 410				11 192 955
<i>List of each official with packages &gt;= senior manager</i>									-
<b>Total Senior Managers of the Municipality</b>	8,10	12	12 191 581	2 595 347	5 128 641				<b>19 915 569</b>
<b>A Heading for Each Entity</b>	6,7								
<i>List each member of board by designation</i>									-
<b>Total for municipal entities</b>	8,10		-	-	-				
<b>TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION</b>	10	131	46 190 394	8 077 203	23 746 774				<b>78 014 371</b>

**Table 60: MBRR Table SA24 – summary of personnel numbers**

Summary of Personnel Numbers		Ref	2014/15		Current Year 2015/16		Budget Year 2016/17	
Number	1,2		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
<b>Municipal Council and Boards of Municipal Entities</b>								
Councillors (Political Office Bearers plus Other Councillors)	4	117	-	117	-	-	119	-
Board Members of municipal entities	5	-	-	-	-	-	-	-
<b>Municipal employees</b>								
Municipal Manager and Senior Managers	3	11	1	10	12	11	12	11
Other Managers	7	40	23	17	40	23	40	23
Professionals	160	160	-	160	160	-	160	160
Finance	65	65	-	65	65	-	65	65
Spatial/town planning	10	10	-	10	10	-	10	10
Information Technology	3	3	3	3	3	3	3	3
Roads	3	3	3	3	3	3	3	3
Electricity	8	8	8	8	8	8	8	8
Water	5	5	5	5	5	5	5	5
Sanitation	4	4	4	4	4	4	4	4
Refuse	1	1	1	1	1	1	1	1
Other	61	61	-	61	61	-	61	61
Technicians	285	285	-	285	285	-	285	285
Finance	9	9	9	9	9	-	9	9
Spatial/town planning	15	15	15	15	15	-	15	15
Information Technology	13	13	13	13	13	-	13	13
Roads	6	6	6	6	6	-	6	6
Electricity	10	10	10	10	10	-	10	10
Water	27	27	-	27	27	-	27	27
Sanitation	16	16	-	16	16	-	16	16
Refuse	7	7	-	7	7	-	7	7
Other	182	182	-	182	182	-	182	182
Clerks (Clerical and administrative e)	1 204	1 172	32	1 204	1 172	32	1 204	1 172
Service and sales workers	891	879	12	1 276	1 264	12	1 276	1 264
Skilled agricultural and fishery workers	212	212	-	212	212	-	212	212
Craft and related trades	381	381	-	381	381	-	381	381
Plant and Machine Operators	750	750	-	750	750	-	750	750
Elementary Occupations	1 408	1 408	-	1 408	1 408	-	1 408	1 408
<b>TOTAL PERSONNEL NUMBERS</b>	9	5 459	5 271	188	5 847	5 666	181	5 847
% Increase					7.1%	7.5% (3.7%)	-	-
Total municipal employees headcount	6,10	5 342	5 271	71	5 728	5 666	62	5 728
Finance personnel headcount	8,10	643	631	12	745	733	12	745
Human Resources personnel headcount	8,10	197	193	4	216	212	4	216
							212	212
							4	4
								181

## 2.9 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW

**Table 61: MBRR Table SA28 - Budgeted monthly capital expenditure (municipal vote)**

R thousand	Description	Budget Year 2016/17										Medium Term Revenue and Expenditure Framework				
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Multi-year expenditure to be appropriated</b>																
	Vote 1 - Directorate - Executive Support Services	-	31	64	68	226	101	274	326	467	673	186	3 083	5 500	500	
	Vote 2 - Directorate - Municipal Manager	-	25	15	-	-	-	4	8	35	110	17324	17 522	31 678	19 000	
	Vote 3 - Directorate - Human Settlement	-	6 364	2 651	3 615	2 040	6 772	354	920	2 459	3 699	5 645	167 723	202 441	190 530	198 127
	Vote 4 - Directorate - Chief Financial Officer	6	347	358	467	626	47	261	1 731	1 705	1 036	2 824	1 131	10 600	10 600	10 600
	Vote 5 - Directorate - Corporate Services	-	612	194	586	679	1 901	425	1 421	322	1 657	1 617	[2 315]	7 100	2 100	600
	Vote 6 - Directorate - Infrastructure Services	2 797	25 782	21 551	43 852	40 118	40 346	31 286	24 552	49 985	66 282	57 654	483 263	887 671	1 059 353	1 010 629
	Vote 7 - Directorate - Spatial Planning	118	1 484	2 943	2 732	5 728	7 943	2 155	4 909	4 994	7 755	8 919	180 710	230 290	259 450	331 916
	Vote 8 - Directorate - Health & Public Safety	48	639	577	2 756	2 714	5 975	2 476	4 292	774	3 281	4 512	1 990	30 032	19 817	11 619
	Vote 9 - Directorate - Municipal Services	69	3 175	2 729	520	814	2 668	277	978	1 044	967	1 740	107 498	122 476	101 294	137 506
	Vote 10 - Directorate - Economic Development	3 708	3 708	3 708	3 708	3 708	3 708	3 708	3 708	3 708	3 708	3 708	3 708	44 500	45 500	57 500
	Capital multi-year expenditure sub-total	6 746	42 169	34 991	58 305	56 652	69 354	41 215	42 842	65 464	89 153	87 115	964 116	1 558 134	1 720 823	1 777 999
<b>Single-year expenditure to be appropriated</b>																
	Vote 1 - Directorate - Executive Support Services												-	-	-	
	Vote 2 - Directorate - Municipal Manager												-	-	-	
	Vote 3 - Directorate - Human Settlement												-	-	-	
	Vote 4 - Directorate - Chief Financial Officer												-	-	-	
	Vote 5 - Directorate - Corporate Services												-	-	-	
	Vote 6 - Directorate - Infrastructure Services												-	-	-	
	Vote 7 - Directorate - Spatial Planning												-	-	-	
	Vote 8 - Directorate - Health & Public Safety												-	-	-	
	Vote 9 - Directorate - Municipal Services												-	-	-	
	Vote 10 - Directorate - Economic Development												-	-	-	
	Capital single-year expenditure sub-total												-	-	-	
	Total Capital Expenditure	6 746	42 169	34 991	58 305	56 652	69 354	41 215	42 842	65 464	89 153	87 115	964 116	1 558 134	1 720 823	1 777 999

**Table 62: MBRRA Table SA29 - Budgeted monthly capital expenditure (standard classification)**

R thousand	Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
			July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	+1 2017/18	Budget Year +2 2018/19
<b>Capital Expenditure - Standard</b>	<b>1</b>																
<b>Governance and administration</b>	<b>6</b>	<b>1 022</b>	<b>1 462</b>	<b>2 332</b>	<b>1 707</b>	<b>4 628</b>	<b>969</b>	<b>3 748</b>	<b>3 034</b>	<b>3 598</b>	<b>7 601</b>	<b>10 694</b>	<b>40 722</b>	<b>44 878</b>	<b>30 700</b>		
Executive and council	-	651	892	714	979	2 518	282	1 734	958	2 099	4 050	8 144	23 022	32 178	19 500		
Budget and treasury office	6	358	370	998	646	1 081	269	787	759	1 130	2 914	1 283	10 960	10 660	10 600		
Corporate services	-	12	200	621	81	930	438	1 228	1 317	369	637	1 267	7 100	2 100	600		
<b>Community and public safety</b>	<b>123</b>	<b>10 358</b>	<b>4 568</b>	<b>6 608</b>	<b>4 799</b>	<b>11 662</b>	<b>2 479</b>	<b>5 567</b>	<b>5 692</b>	<b>7 548</b>	<b>12 068</b>	<b>205 106</b>	<b>276 398</b>	<b>255 695</b>	<b>255 748</b>		
Community and social services	-	145	329	514	650	1 205	1 377	1 603	2 421	2 222	3 944	8 890	23 300	24 300	24 300		
Sport and recreation	114	1 382	1 441	1 877	1 247	2 985	520	2 171	374	571	841	7 200	20 725	21 047	21 702		
Public safety	-	2 265	694	589	797	2 577	213	823	167	929	1 434	19 623	30 032	19 817	11 619		
Housing	9	6 567	2 123	3 707	2 105	4 896	369	970	2 629	3 825	5 848	169 392	202 441	190 530	198 127		
Health	(0)	0	0	0	0	0	(0)	(0)	(0)	(0)	0	0	0	0	0	-	-
<b>Economic and environmental services</b>	<b>560</b>	<b>8 725</b>	<b>16 236</b>	<b>12 375</b>	<b>22 223</b>	<b>20 522</b>	<b>8 552</b>	<b>9 864</b>	<b>26 064</b>	<b>32 711</b>	<b>37 778</b>	<b>346 358</b>	<b>541 969</b>	<b>578 779</b>	<b>678 875</b>		
Planning and development	122	1 543	2 940	2 819	5 745	8 140	2 141	5 415	5 190	8 040	7 923	224 771	274 790	304 950	389 418		
Road transport	438	7 182	13 296	9 556	16 477	12 382	6 411	4 449	20 874	24 671	29 856	121 586	267 779	273 829	289 457		
Environmental protection	-	(0)	(0)	0	0	(0)	(0)	(0)	(0)	0	(0)	1	-	-	-		
<b>Trading services</b>	<b>2 349</b>	<b>10 341</b>	<b>8 874</b>	<b>32 229</b>	<b>23 936</b>	<b>28 863</b>	<b>23 818</b>	<b>19 751</b>	<b>26 298</b>	<b>25 555</b>	<b>23 617</b>	<b>437 314</b>	<b>680 946</b>	<b>821 471</b>	<b>792 676</b>		
Electricity	35	33	285	7 862	5 105	7 573	6 926	8 031	5 543	14 703	8 937	77 967	143 000	163 000	171 000		
Water	1 660	8 960	4 430	1 793	4 130	13 893	13 502	6 095	9 452	10 764	9 164	3 655	87 500	95 000	140 000		
Waste water management	655	9 221	3 246	22 165	13 831	7 002	2 708	5 063	10 903	9 501	5 469	282 228	371 992	507 524	390 172		
Waste management	-	127	913	409	669	395	681	562	400	588	46	73 463	78 454	55 947	91 504		
Other	-	14	123	1 053	281	79	1 668	203	769	6 032	2 343	5 435	18 000	20 000	20 000		
<b>Total Capital Expenditure - Standard</b>	<b>2</b>	<b>3 037</b>	<b>39 461</b>	<b>31 283</b>	<b>54 597</b>	<b>52 945</b>	<b>65 655</b>	<b>37 506</b>	<b>39 133</b>	<b>61 757</b>	<b>85 446</b>	<b>83 407</b>	<b>1 004 907</b>	<b>1 558 134</b>	<b>1 720 823</b>	<b>1 777 999</b>	
<b>Funded by:</b>																	
National Government													741 969	741 969	842 151	969 510	
Provincial Government													106 300	106 300	50 635	-	
District Municipality													-	-	-	-	
Other transfers and grants													-	-	-	-	
Transfers recognised - capital													-	-	-	-	
Public contributions & donations													-	-	-	-	
Borrowing													69 582	69 582	189 352	176 867	
Internally generated funds													640 283	640 283	639 685	631 622	
<b>Total Capital Funding</b>													-	-	1 558 134	1 720 823	1 777 999

**Table 63: MBRR Table SA30 - Budgeted monthly cash flow**

MONTHLY CASH FLOWS R thousand	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework			
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	+1 2017/18	Budget Year +2 2018/19	
<b>Cash Receipts By Source</b>													1	1 113 488	1 191 432	
Property rates	47 292	76 646	69 356	70 416	68 725	68 985	73 559	84 876	90 535	96 193	107 510	184 698	1 038 701	1 113 488		
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	4 900	248 046	9 669	134 153	114 361	99 041	134 388	155 063	165 400	173 713	186 413	243 964	1 679 112	1 807 336	1 945 481	
Service charges - water revenue	42 982	31 211	26 883	30 907	36 465	27 473	26 587	30 678	32 723	36 618	38 659	49 583	410 969	443 395	478 512	
Service charges - sanitation revenue	22 548	31 440	27 119	28 811	22 614	26 867	24 422	25 754	27 402	26 073	24 945	25 679	313 674	337 200	361 478	
Service charges - refuse revenue	20 443	20 045	18 559	20 316	20 267	20 319	21 211	24 474	26 105	27 737	31 000	34 771	285 247	306 641	328 719	
Service charges - other	1 435	2 001	1 726	1 833	1 439	1 710	1 554	1 639	1 744	1 659	1 587	1 634	19 962	21 399	22 897	
Rental of facilities and equipment	700	1 428	138	952	821	822	1 607	1 654	1 978	2 101	2 348	3 762	18 542	19 877	21 258	
Interest earned - ex term investments	10 793	17 827	10 254	9 430	9 180	8 592	11 414	13 170	14 048	14 926	16 682	7 460	143 775	152 689	161 698	
Interest earned - outstanding debtors	2 485	2 562	2 007	2 844	2 698	3 005	2 390	2 758	2 942	3 126	3 494	4 140	34 651	37 257	40 021	
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fines	137	579	43	288	290	240	1 043	1 284	544	1 384	1 525	580	7 756	8 315	8 697	
Licences and permits	796	1 339	325	1 127	927	866	1 078	1 386	1 540	1 694	1 077	756	12 911	13 841	14 810	
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfer receipts - operational	72 372	100 912	87 043	16 399	17 157	235 525	93 590	107 989	115 188	122 387	136 786	214 380	1 319 728	1 450 381	1 703 052	
Other revenue	16 586	31 135	1 934	12 822	6 308	35 209	42 148	30 133	42 625	27 367	33 651	10 978	291 095	312 054	333 858	
<b>Cash Receipts by Source</b>	243 470	565 172	255 055	330 228	301 452	528 655	434 922	480 976	522 773	534 959	596 076	782 316	5 576 124	6 023 931	6 612 162	
Other Cash Flows by Source																
Transfer receipts - capital	70 689	70 689	70 689	70 689	70 689	70 689	70 689	70 689	70 689	70 689	70 689	70 689	848 269	892 766	959 510	
Contributions recognised - capital & contributed assets													-	-	-	
Proceeds on disposal of PPE													-	-	-	
Short term loans													-	-	-	
Borrowing long term/refinancing													-	-	-	
Increase (decrease) in consumer deposits													-	-	-	
Decrease (increase) in non-current receivables													-	-	-	
Decrease (increase) in non-current investments													-	-	-	
<b>Total Cash Receipts by Source</b>	314 159	633 861	325 744	400 917	372 141	589 344	505 681	551 665	593 462	628 842	689 959	876 199	6 493 975	7 106 069	7 758 539	

**MBRR Table SA30 - Budgeted monthly cash flow (Continued)**

MONTHLY CASH FLOWS £ thousand	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework				
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	+1 2017/18	Budget Year +2 2018/19		
<b>Cash Payments by Type</b>																	
Employee related costs	123 015	123 015	123 015	123 015	123 015	123 015	123 015	123 015	123 015	123 015	123 015	101 347	1 454 515	1 559 240	1 666 828		
Remuneration of contractors	4 915	4 915	4 915	4 915	4 915	4 915	4 915	4 915	4 915	4 915	4 915	58 099	4 038	58 099	62 222	66 579	
Finance charges	4 759	5 959	6 259	5 759	2 345	3 959	4 418	5 459	6 259	3 759	4 759	3 413	57 05	70 938	85 887		
Bulk purchases - Electricity	109 731	109 731	109 731	109 731	109 731	109 731	109 731	109 731	109 731	109 731	109 731	109 731	1 316 772	1 420 270	1 531 903		
Bulk purchases - Water & Sewer	17 068	17 068	17 068	17 068	17 068	17 068	17 068	17 068	17 068	17 068	17 068	17 068	204 616	225 287	247 827		
Other materials	89	1 150	937	933	986	1 761	1 291	3 171	3 212	2 889	3 092	924	-	-	-		
Contracted services													21 137	22 448	23 772		
Transfers and grants - other municipalities													-	-	-		
Transfers and grants - other	24 039	24 039	24 039	24 039	24 039	24 039	24 039	24 039	24 039	24 039	24 039	24 039	24 042	288 468	310 163	333 170	
Other expenditure	106 504	61 504	41 504	51 504	106 504	106 504	106 504	106 504	106 504	106 504	106 504	113 581	106 594	361 056	1 374 675	1 502 101	1 753 281
<b>Cash Payments by Type</b>	<b>390 889</b>	<b>347 381</b>	<b>327 467</b>	<b>336 983</b>	<b>388 603</b>	<b>390 992</b>	<b>390 990</b>	<b>393 902</b>	<b>394 742</b>	<b>398 997</b>	<b>393 032</b>	<b>621 619</b>	<b>4 775 596</b>	<b>5 172 739</b>	<b>5 709 255</b>		
<b>Other Cash Flows/Payments by Type</b>																	
Capital assets	129 844	129 844	129 844	129 844	129 844	129 844	129 844	129 844	129 844	129 844	129 844	129 844	1 558 34	1 720 823	1 777 999		
Repayment of borrowing	-	-	10 370	-	-	12 076	-	-	11 747	-	-	17 632	51 825	51 794	59 561		
Other Cash Flows/Payments													-	-	-		
<b>Total Cash Payments by Type</b>	<b>520 744</b>	<b>477 225</b>	<b>467 681</b>	<b>466 828</b>	<b>518 447</b>	<b>532 912</b>	<b>520 825</b>	<b>523 746</b>	<b>536 334</b>	<b>528 842</b>	<b>522 877</b>	<b>769 095</b>	<b>6 385 645</b>	<b>6 945 356</b>	<b>7 546 016</b>		
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>(26 575)</b>	<b>158 636</b>	<b>(141 937)</b>	<b>(65 910)</b>	<b>(146 306)</b>	<b>66 432</b>	<b>(15 141)</b>	<b>27 919</b>	<b>57 128</b>	<b>100 000</b>	<b>167 082</b>	<b>107 104</b>	<b>108 430</b>	<b>160 713</b>	<b>211 724</b>		
Cash/cash equivalents at the monthly year begin:	2 380 443	2 173 668	2 332 504	2 190 567	1 978 350	2 044 782	2 029 638	2 057 557	2 114 686	2 214 686	2 057 557	2 114 686	2 381 768	2 488 873	2 380 443	2 488 873	2 649 586
Cash/cash equivalents at the monthly year end:	2 173 868	2 332 504	2 190 567	1 978 350	2 044 782	2 029 638	2 057 557	2 114 686	2 214 686	2 057 557	2 114 686	2 381 768	2 488 873	2 488 873	2 649 586	2 861 310	

## **2.10 ANNUAL BUDGET AND SDBIP'S – INTERNAL DEPARTMENTS**

In terms of Section 53(1)(c)(ii) the Mayor of a Municipality must take all reasonable steps to ensure that the municipality's Service Delivery and Budget Implementation Plan is approved by the Mayor within 28 days after the approval of the budget.

Once the budget has been approved by Council on 31 May 2016, the Service Delivery Budget and Implementation Plan will be submitted to the Mayor for consideration and approval by Council.

## **2.11 ANNUAL BUDGET AND SDBIPS – MUNICIPAL ENTITIES AND OTHER EXTERNAL MECHANISMS**

The Buffalo City Metropolitan Municipality entity being Buffalo City Metro Development Agency (BCMDA) is currently being resuscitated after it was not operational for some time. The Board of Directors have been appointed and core staff has also been appointed. The entity's (BCMDA) budget summary table (D1) for the MTREF period as presented below reflects that, the entity has budgeted a balanced budget for the MTREF period. Its revenue and expenditure is projected to be R18.4 million in 2016/17, R22 million in 2017/18 and R24.5 million in the 2018/19 financial year. Its cash and cash equivalent is projected to be R2 million as at 30 June 2017, increasing R2.1 million at 30 June 2018 and further increase to R2.2 million at 30 June 2019. The financial position of the entity reflect that its Community Wealth is R1.4m in the 2016/17 financial year, it decreases to R1.1 million in the 2017/18 financial year and further decrease to R0.9 million in the 2018/19 financial year. The entity does not have capital budget as yet as it is still at formation stage. The other relevant D budget table are presented below as required by the MBRR.

**Table 64: MBRR Table D1 – Budget Summary – (BCMDA)**

Description R thousands	2012/13	2013/14	2014/15	Current Year 2015/16			Medium Term Revenue and Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Financial Performance</b>									
Property rates	-	-	-	-	-	-	-	-	-
Service charges	-	-	-	-	-	-	-	-	-
Investment revenue	40	45	56	65	65	65	69	73	77
Transfers recognised - operational	411	907	1 647	7 585	7 585	7 585	18 116	19 402	20 799
Other own revenue	3	-	-	-	-	-	200	2 478	3 668
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>454</b>	<b>953</b>	<b>1 703</b>	<b>7 650</b>	<b>7 650</b>	<b>7 650</b>	<b>18 385</b>	<b>21 953</b>	<b>24 544</b>
Employee costs	-	-	-	2 547	2 547	1 595	12 225	15 807	18 206
Remuneration of Board Members	-	174	665	900	900	900	566	600	636
Depreciation & asset impairment	4	-	-	-	-	-	-	-	-
Finance charges	-	2	4	5	5	5	8	8	8
Materials and bulk purchases	-	-	-	-	-	-	-	-	-
Transfers and grants	-	-	-	-	-	-	-	-	-
Other expenditure	361	349	1 015	2 803	2 803	2 862	5 586	5 539	5 695
<b>Total Expenditure</b>	<b>365</b>	<b>524</b>	<b>1 684</b>	<b>6 255</b>	<b>6 255</b>	<b>5 362</b>	<b>18 385</b>	<b>21 953</b>	<b>24 544</b>
<b>Surplus/(Deficit)</b>									
Transfers recognised - capital	-	-	-	-	-	-	-	-	-
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>89</b>	<b>429</b>	<b>19</b>	<b>1 395</b>	<b>1 395</b>	<b>2 288</b>	-	-	-
Taxation	25	121	18	391	391	641	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>64</b>	<b>308</b>	<b>2</b>	<b>1 004</b>	<b>1 004</b>	<b>1 647</b>	-	-	-
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	-	-	-	-	-	-	-	-	-
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funds</b>	-	-	-	-	-	-	-	-	-
<b>Financial position</b>									
Total current assets	1 626	1 889	1 771	1 771	1 771	1 771	2 040	2 152	2 270
Total non current assets	4	0	0	0	0	0	688	315	40
Total current liabilities	1 023	612	466	100	100	100	1 287	1 359	1 434
Total non current liabilities	103	100	100	-	-	-	-	-	-
Community wealth/Equity	504	1 177	1 205	1 671	1 671	1 671	1 441	1 108	876
<b>Cash flows</b>									
Net cash from (used) operating	330	70	50	-	-	-	269	112	118
Net cash from (used) investing	3	-	-	-	-	-	-	-	-
Net cash from (used) financing	-	-	-	-	-	-	-	-	-
<b>Cash/cash equivalents at the year end</b>	<b>1 623</b>	<b>1 693</b>	<b>1 744</b>	<b>1 744</b>	<b>1 744</b>	<b>1 744</b>	<b>2 013</b>	<b>2 125</b>	<b>2 243</b>

**Table 65: MBRR Table D2 – Budgeted Financial Performance (revenue and expenditure) – (BCMDA)**

Description R thousands	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Revenue by Source</b>	1									
Property rates										
Property rates - penalties & collection charges										
Service charges - electricity revenue										
Service charges - water revenue										
Service charges - sanitation revenue										
Service charges - refuse revenue										
Service charges - other										
Rental of facilities and equipment										
Interest earned - external investments		40	45	56	65	65	65	69	73	77
Interest earned - outstanding debtors										
Dividends received										
Fines										
Licences and permits										
Agency services								200		
Transfers recognised - operational	411	907	1 647	7 585	7 585	7 585	18 116	19 402	20 799	
Other revenue	3								2 478	3 668
Gains on disposal of PPE										
<b>Total Revenue (excluding capital transfers and contributions)</b>		454	953	1 703	7 650	7 650	7 650	18 385	21 953	24 544
<b>Expenditure By Type</b>										
Employee related costs										
Remuneration of Directors			174	665	2 547	2 547	1 595	12 225	15 807	18 206
Debt impairment	4									
Depreciation & asset impairment		4	3	2	5	5	59	393	393	393
Finance charges										
Bulk purchases	2									
Other materials	5									
Contracted services										
Transfers and grants										
Other expenditure	3	361	346	1 015	2 803	2 803	2 803	5 192	5 145	5 302
Loss on disposal of PPE										
<b>Total Expenditure</b>		365	524	1 684	6 255	6 255	5 362	18 385	21 953	24 544
<b>Surplus/(Deficit)</b>		89	429	19	1 395	1 395	2 288	-	-	-
Transfers recognised - capital										
Contributions recognised - capital										
Contributed assets										
contributions		89	429	19	1 395	1 395	2 288	-	-	-
Taxation		25	121	18	391	391	641			
<b>Surplus/ (Deficit) for the year</b>		64	308	2	1 004	1 004	1 647	-	-	-

**Table 66: MBRR Table D4 – Budgeted Financial Position – (BCMDA)**

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousands										
<b>ASSETS</b>										
<b>Current assets</b>										
Cash		453	480	480	444	444	444	644	682	723
Call investment deposits		1 170	1 213	1 264	1 300	1 300	1 300	1 369	1 442	1 519
Consumer debtors		3	196							
Other debtors				27	27	27	27	27	27	27
Current portion of long-term receivables										
Inventory										
<b>Total current assets</b>		<b>1 626</b>	<b>1 889</b>	<b>1 771</b>	<b>1 771</b>	<b>1 771</b>	<b>1 771</b>	<b>2 040</b>	<b>2 152</b>	<b>2 270</b>
<b>Non current assets</b>										
Long-term receivables	3									
Investments										
Investment property										
Investment in Associate										
Property, plant and equipment	1	3	0	0	0	0	0	220	100	-
Agricultural										
Biological										
Intangible		0	0	0	0	0	0	469	215	40
Other non-current assets		0	0	-						
<b>Total non current assets</b>		<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>688</b>	<b>315</b>	<b>40</b>
<b>TOTAL ASSETS</b>		<b>1 630</b>	<b>1 889</b>	<b>1 771</b>	<b>1 771</b>	<b>1 771</b>	<b>1 771</b>	<b>2 728</b>	<b>2 467</b>	<b>2 310</b>
<b>LIABILITIES</b>										
<b>Current liabilities</b>										
Bank overdraft										
Borrowing										
Consumer deposits										
Trade and other payables		1 023	612	466	100	100	100	100	100	100
Provisions	3				-	-	-	1 187	1 259	1 334
<b>Total current liabilities</b>		<b>1 023</b>	<b>612</b>	<b>466</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>1 287</b>	<b>1 359</b>	<b>1 434</b>
<b>Non current liabilities</b>										
Borrowing										
Provisions	3	103	100	100						
<b>Total non current liabilities</b>		<b>103</b>	<b>100</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>1 125</b>	<b>712</b>	<b>566</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>1 287</b>	<b>1 359</b>	<b>1 434</b>
<b>NET ASSETS</b>	2	<b>504</b>	<b>1 177</b>	<b>1 205</b>	<b>1 671</b>	<b>1 671</b>	<b>1 671</b>	<b>1 441</b>	<b>1 108</b>	<b>876</b>
<b>COMMUNITY WEALTH/EQUITY</b>										
Accumulated Surplus/(Deficit)		504	1 177	1 205	1 671	1 671	1 671	1 441	1 108	876
Reserves										
Share capital										
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>504</b>	<b>1 177</b>	<b>1 205</b>	<b>1 671</b>	<b>1 671</b>	<b>1 671</b>	<b>1 441</b>	<b>1 108</b>	<b>876</b>

**Table 67: MBRR Table D4 – Budgeted Cash Flow – (BCMDA)**

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousands										
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates, penalties & collection charges										
Service charges										
Other revenue										
Government - operating		468	839	1 851	7 585	7 585	7 585	18 116	19 402	20 799
Government - capital								200		
Interest		40	45	56	65	65	65	69	73	77
Dividends										
<b>Payments</b>										
Suppliers and employees	2	(179)	(812)	(1 853)	(7 645)	(7 645)	(7 645)	(18 108)	(21 833)	(24 418)
Finance charges		(0)	(2)	(4)	(5)	(5)	(5)	(8)	(8)	(8)
Dividends paid										
Transfers and Grants										
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		330	70	50	-	-	-	269	112	118
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE		3								
Decrease (Increase) in non-current debtors										
Decrease (increase) other non-current receivables										
Decrease (increase) in non-current investments										
<b>Payments</b>										
Capital assets					-	-				
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		3	-	-	-	-	-	-	-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans										
Borrowing long term/refinancing										
Increase (decrease) in consumer deposits										
<b>Payments</b>										
Repayment of borrowing										
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		-	-	-	-	-	-	-	-	-
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	1	333	70	50	-	-	-	269	112	118
Cash/cash equivalents at the year begin:	2	1 290	1 623	1 693	1 744	1 744	1 744	1 744	2 013	2 125
Cash/cash equivalents at the year end:	2	1 623	1 693	1 744	1 744	1 744	1 744	2 013	2 125	2 243

**Table 68: MBRR Table SD2 – Financial and Non-Financial Indicators (BCMDA)**

Description of indicator	Basis of calculation	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			Medium Term Revenue and Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Borrowing Management</b>											
Borrowing to Asset Ratio	Total Long-term Borrowing/ Total Assets		0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Capital Charges to Operating Expenditure	Finance charges & Depreciation / Operating Expenditure		0%	0%	0%	0%	0%	0%	0%	0%	0%
Borrowed funding of capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions		0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
<b>Safety of Capital</b>											
Debt to Equity	Loans, Accounts Payable, Overdraft & Tax Provision / Funds & Reserves		202,9%	52,0%	38,7%	0,0%	0,0%	0,0%	82,4%	113,6%	152,4%
Gearing	Long Term Borrowing / Funds & Reserves		0%	0%	0%	0%	0%	0%	0%	0%	0%
<b>Liquidity</b>											
Current Ratio	Current assets / current liabilities		1,59	3,09	3,80	17,71	17,71	17,71	1,58	1,58	1,58
Current Ratio adjusted for debtors	Current assets/current liabilities less debtors > 90 days		1,59	3,09	3,80	17,71	17,71	17,71	1,58	1,58	1,58
Liquidity Ratio	Monetary Assets / Current Liabilities		1,59	2,77	3,74	17,44	17,44	17,44	1,56	1,56	1,56
<b>Revenue Management</b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts / Last 12 Mths Billing			0%	0%	0%	0%	0%	0%	0%	0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue		1%	21%	2%	0%	0%	0%	0%	0%	0%
Longstanding Debtors Reduction Due To Recovery	Debtors > 12 Mths Recovered / Total Debtors > 12 Months Old										
<b>Creditors Management</b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA s 65(e))										
<b>Funding of Provisions</b>											
Percentage Of Provisions Not Funded	Unfunded Provisions/Total Provisions										
<b>Other Indicators</b>											
Electricity Distribution Losses	% Volume (Total units purchased + generated less total units sold)/Total units purchased + generated	1									
Water Distribution Losses	% Volume (Total units purchased + own source less total units sold)/Total units purchased + own source	2									
Employee costs	Employee costs/Total Revenue - capital revenue		0,0%	0,0%	0,0%	33%	33%	21%	66%	72%	74%
Repairs & Maintenance	R&M/Total Revenue - capital revenue		0,0%	0,0%	0,0%	0%	0%	0%	0%	0%	0%
Interest & Depreciation	I&D/Total Revenue - capital revenue		0,0%	0,2%	0,2%	0%	0%	0%	0%	0%	0%
<b>Financial viability indicators</b>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year <sup>1</sup>		28,6	12,9	11,2	13,0	13,0	8,7	33,8	302,7	-
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services		0%	0,0%	0,0%	0%	0%	0%	0%	0%	0%
iii. Cost coverage	Available cash + investments/monthly fixed operational expenditure		742%	5,4	1,7	0,5	0,5	0,5	0,2	0,2	0,2

**Table 69: MBRR Table SD4 – Board member allowances and staff benefits (BCMDA)**

Summary of Employee and Board Member remuneration  R thousands	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
		A	B	C	D	E	F	G	H	I
<b>Remuneration</b>										
Board Members of Entities	1									
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance										
Cellphone Allowance										
Housing Allowances										
Other benefits and allowances										
Board Fees										
Payments in lieu of leave										
Long service awards	1		174	665	900	900	900	566	600	636
Post-retirement benefit obligations										
<b>Sub Total - Board Members of Entities</b>		<b>-</b>	<b>174</b>	<b>665</b>	<b>900</b>	<b>900</b>	<b>900</b>	<b>566</b>	<b>600</b>	<b>636</b>
% increase		#DIV/0!	0	0	0	0	0	(0)	0	6,0%
Senior Managers of Entities	1									
Basic Salaries and Wages					1 353	1 353	1 353	5 580	6 027	6 509
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance										
Cellphone Allowance					20	20	20	74	74	74
Housing Allowances										
Other benefits and allowances										
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations										
<b>Sub Total - Senior Managers of Entities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>1 373</b>	<b>1 373</b>	<b>1 373</b>	<b>5 790</b>	<b>6 659</b>	<b>7 186</b>
% increase					#DIV/0!	#DIV/0!	#DIV/0!	0	0	7,9%
Other Staff of Entities	1									
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance										
Cellphone Allowance										
Housing Allowances										
Other benefits and allowances										
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations										
<b>Sub Total - Other Staff of Entities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>222</b>	<b>222</b>	<b>222</b>	<b>6 435</b>	<b>9 148</b>	<b>11 020</b>
% increase					#DIV/0!	#DIV/0!	#DIV/0!	0	0	20,5%
<b>Total Municipal Entities remuneration</b>		<b>-</b>	<b>174</b>	<b>665</b>	<b>2 495</b>	<b>2 495</b>	<b>2 495</b>	<b>12 791</b>	<b>16 407</b>	<b>18 842</b>

**Table 70: MBRR Table SD5 – Board member allowances and staff benefits (BCMDA)**

Number	Ref	2014/15			Current Year 2015/16			Budget Year 2016/17		
		1 Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)										
Board Members of municipal entities	3	5	-	5	5	-	5	5	-	5
Municipal entity employees	4									
CEO and Senior Managers	2	-	-	-	4	-	4	4	-	4
Other Managers	6	-	-	-	7	-	7	7	-	7
Professionals		-	-	-	-	-	-	-	-	-
Finance										
Spatial/town planning										
Information Technology										
Roads										
Electricity										
Water										
Sanitation										
Refuse										
Other										
Technicians		-	-	-	-	-	-	-	-	-
Finance										
Spatial/town planning										
Information Technology										
Roads										
Electricity										
Water										
Sanitation										
Refuse										
Other										
Clerks (Clerical and administrative)		-	-	-	2	-	2	4	-	4
Service and sales workers										
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators										
Elementary Occupations										
Total Personnel Numbers		5	-	5	18	-	18	20	-	20
% increase			(100,0%)	-	260,0%	(100,0%)	260,0%	11,1%	(100,0%)	-
Total entity employees headcount	5									
Finance personnel headcount	7									
Human Resources personnel headcount	7									

**Table 71: MBRR Table SD6 – Budget Monthly Cash and Revenue/Expenditure - (BCMDA)**

Description	A thousands	Budget Year 2016/17											Medium Term Revenue and Expenditure Framework				
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year 2017/18	Budget Year 2018/19	
<b>Revenue By Source</b>																	
Property rates														-	-	-	
Property rates - penalties & collection charges														-	-	-	
Service charges - electricity revenue														-	-	-	
Service charges - water revenue														-	-	-	
Service charges - sanitation revenue														-	-	-	
Service charges - refuse revenue														-	-	-	
Service charges - other														-	-	-	
Rental of facilities and equipment														-	-	-	
Interest earned - external investments														-	-	-	
Interest earned - outstanding debts														-	-	-	
Dividends received														-	-	-	
Fines														-	-	-	
Licences and permits														-	-	-	
Agency services														-	-	-	
Transfers recognised - operational														-	-	-	
Other revenue														-	-	-	
Gains on disposal of PPE														-	-	-	
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>3 015</b>	<b>6</b>	<b>3 025</b>	<b>56</b>	<b>3 025</b>	<b>6</b>	<b>3 075</b>	<b>6</b>	<b>3 025</b>	<b>56</b>	<b>2 925</b>	<b>106</b>	<b>10 385</b>	<b>106</b>	<b>10 385</b>	<b>24 544</b>	
<b>Expenditure By Type</b>																	
Employee related costs														-	-	-	
Remuneration of Board Members	1 019	1 019	1 019	1 019	1 019	1 019	1 019	1 019	1 019	1 019	1 019	1 019	1 019	1 019	1 019	1 019	
Debt impairment	(42																
Depreciation & asset impairment	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	
Finance charges	2																
Bulk purchases														-	-	-	
Other materials														-	-	-	
Contracted services														-	-	-	
Transfers and grants														-	-	-	
Other expenditure														-	-	-	
Loss on disposal of PPE														-	-	-	
<b>Total Expenditure</b>	<b>1 508</b>	<b>1 829</b>	<b>1 178</b>	<b>1 608</b>	<b>2 006</b>	<b>1 163</b>	<b>1 584</b>	<b>1 456</b>	<b>1 752</b>	<b>1 106</b>	<b>1 456</b>	<b>1 654</b>	<b>1 456</b>	<b>1 456</b>	<b>1 456</b>	<b>24 544</b>	
<b>Capital expenditure</b>																	
Capital assets														-	-	-	
<b>Total Capital expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Cash flow</b>																	
Ratpayers and other														-	-	-	
Grants														-	-	-	
Interest														-	-	-	
Suppliers, employees and other														-	-	-	
Finance charges														-	-	-	
Dividends paid														-	-	-	
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>£ 406#</b>	<b>(1 406#)</b>	<b>1 616</b>	<b>(1 411#)</b>	<b>1 616</b>	<b>(1 409#)</b>	<b>1 606</b>	<b>(1 409#)</b>	<b>1 606</b>	<b>(1 409#)</b>	<b>1 606</b>	<b>(1 409#)</b>	<b>1 444</b>	<b>(815#)</b>	<b>263</b>	<b>112</b>	<b>118</b>
Decrease (increase) other non-current receivables														-	-	-	
Decrease (increase) in non-current investments														-	-	-	
Proceeds on disposal of PPE														-	-	-	
Capital assets														-	-	-	
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Borrowing long term/financing/short term														-	-	-	
Repayment of borrowing														-	-	-	
Increases in consumer deposits														-	-	-	
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>1 846#</b>	<b>(1 409#)</b>	<b>1 616</b>	<b>(1 409#)</b>	<b>1 616</b>	<b>(1 409#)</b>	<b>1 606</b>	<b>(1 409#)</b>	<b>1 606</b>	<b>(1 409#)</b>	<b>1 606</b>	<b>(1 409#)</b>	<b>205</b>	<b>289</b>	<b>112</b>	<b>118</b>	



## **2.12 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS**

In terms of the City's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years) unless MFMA Section 33 has been complied with. In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Chief Financial Officer.

## **2.13 CAPITAL EXPENDITURE DETAILS**

The following three tables present details of the City's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

**Table 72: MBRR Table SA34a – Capital expenditure on new assets by asset class**

Description	Ref	2013/14			2014/15			Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
R thousand	1												
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>													
<b>Infrastructure</b>													
Infrastructure - Road transport													
Roads, Pavements & Bridges	380 551	592 952	213 161	158 210	187 162	417 323	427 443	427 443	508 854				
Storm water	114 859	282 801	116 893	20 000	20 000	106 080	105 829	105 829	56 457				
Infrastructure - Electricity	-	-	-	-	-	-	-	-	-				
Transmission & Reticulation	76 432	103 228	38 944	66 500	66 500	43 000	53 000	53 000	51 000				
Infrastructure - Water	76 432	103 228	38 944	66 500	66 500	43 000	53 000	53 000	51 000				
Reticulation	12 852	-	-	-	-	-	-	-	-				
Infrastructure - Sanitation	132 510	177 056	-	-	-	-	-	-	-				
Reticulation	132 510	177 056	-	-	-	-	-	-	-				
Infrastructure - Other	43 898	29 867	57 324	71 710	100 662	100 662	268 243	268 614	401 397				
Waste Management	-	2 037	30 727	21 710	34 662	34 662	78 454	55 947	91 504				
Transportation	2 338	22 513	25 256	30 000	42 000	42 000	145 789	167 667	252 893				
Other	3 43 560	5 317	1 341	20 000	24 000	24 000	44 000	45 000	57 000				
<b>Community</b>													
Parks & gardens	6 028	48 041	20 706	35 069	18 300	18 300	21 000	21 000	21 000				
Sportfields & stadia	160	1 078	3 576	-	-	-	500	500	500				
Community halls	-	-	-	-	-	-	500	500	500				
Cemeteries	207	4 729	7 392	27 069	10 300	10 300	10 000	10 000	10 000				
Other	-	-	9 738	-	-	-	10 000	10 000	10 000				
5 662	42 234	-	8 000	8 000	8 000	8 000							

**MBRR Table SA34a – Capital expenditure on new assets by asset class (Continued)**

Description		Ref	2012/13		2013/14		2014/15		Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework	
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	+1 2017/18	Budget Year +2 2018/19
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>												
<b>Heritage assets</b>		9										
Buildings	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
<b>Investment properties</b>												
Housing development	-	58 680	145 316	211 274	195 880	195 880	201 941	201 941	190 030	197 627		
Other	-	58 680	145 316	211 274	195 880	195 880	201 941	201 941	190 030	197 627		
<b>Other assets</b>												
General vehicles	69 451	51 706	48 568	125 375	128 256	128 256	113 570	113 570	118 949	115 614		
Specialised vehicles	25 300	6 211	25 117	48 450	48 450	48 450	18 200	18 200	20 000	20 000		
Plant & equipment	-	2 875	-	7 600	5 588	5 588	11 000	11 000	4 000	4 000		
Computers - hardware/equipment	334	2 230	688	8 675	43 105	43 105	14 966	14 966	16 229	5 240		
Furniture and other office equipment	-	-	1 718	40 650	31 113	31 113	20 700	20 700	30 000	18 500		
Machinery	22 667	21 568	10 178	-	-	-	23 972	23 972	18 928	16 750		
Civic Land and Buildings	-	452	-	-	-	-	-	-	5 286	4 712		
Other Buildings	304	10 412	4 821	-	-	-	-	-	-	5 499		
Other	20 847	-	1 161	-	-	-	19 446	19 446	25 079	49 625		
<b>Agricultural assets</b>												
<i>List sub-class</i>												
<b>Biological assets</b>												
<i>List sub-class</i>												
<b>Intangibles</b>												
Computers - software & programming	-	-	-	-	-	-	-	-	-	-		
Other (list sub-class)	-	-	-	-	-	-	-	-	-	-		
<b>Total Capital Expenditure on new assets</b>	1	456 030	751 379	427 751	529 928	529 928	529 598	529 598	753 834	757 422	843 094	
<b>Specialised vehicles</b>												
Refuse	-	2 875	-	-	7 600	5 588	5 588	11 000	11 000	4 000	-	
Fire	-	-	-	-	7 600	5 588	5 588	-	-	-		
Conservancy	-	-	-	-	-	-	-	-	4 000	4 000	-	
Ambulances	-	-	-	-	-	-	-	-	-	-	-	

**Table 73: MBRRI Table SA34b – Capital expenditure on the renewal of existing assets by asset class**

Description	Ref	2012/13		2013/14		2014/15		Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework	
		R thousand	1	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>											
<b>Infrastructure</b>		136 129		80 525	490 455	686 056	791 000	791 000	720 091	880 024	882 172
Infrastructure - Road transport	93 681	-		212 002	245 000	320 649	320 649	320 649	161 099	168 000	233 000
<b>Roads, Pavements &amp; Bridges</b>	93 681	-		212 002	245 000	320 649	320 649	320 649	161 099	168 000	233 000
Infrastructure - Electricity	-	-		79 994	92 000	98 000	98 000	98 000	100 000	110 000	120 000
<b>Transmission &amp; Reticulation</b>	-	-		79 994	92 000	98 000	98 000	98 000	100 000	110 000	120 000
Infrastructure - Water	39 887	68 763		90 752	91 000	110 000	110 000	110 000	87 500	95 000	140 000
<b>Reticulation</b>	39 887	68 763		90 752	91 000	110 000	110 000	110 000	87 500	95 000	140 000
Infrastructure - Sanitation	2 561	-		-	-	-	-	-	371 492	507 024	389 172
<b>Reticulation</b>	2 561	-		-	-	-	-	-	371 492	507 024	389 172
Infrastructure - Other	-	11 762		107 707	258 056	262 352	262 352	262 352	-	-	-
<b>Waste Management</b>	-	11 762		107 707	258 056	262 352	262 352	262 352	-	-	-
<b>Community</b>	1 060	2 345		4 788	30 700	27 759	27 759	27 759	19 855	20 177	20 832
Parks & gardens	-	-		-	-	-	-	-	-	-	-
Sports fields & stadia	-	2 343		4 495	22 700	19 009	19 009	19 009	10 000	10 000	10 000
Swimming pools	-	-		-	-	-	-	-	2 500	2 000	2 000
Recreational facilities	1 060	-		293	8 000	8 750	8 750	8 750	7 355	8 177	8 832
<b>Heritage assets</b>	-	-		-	-	-	-	-	-	-	-
<b>Buildings</b>	-	-		-	-	-	-	-	-	-	-
Other	-	-		-	-	-	-	-	-	-	-
<b>Investment properties</b>	-	-		-	-	-	-	-	-	-	-
Housing development	-	-		-	-	-	-	-	-	-	-
Other	-	-		-	-	-	-	-	-	-	-

**MBRR Table SA34b – Capital expenditure on the renewal of existing assets by asset class (continued)**

R thousand	Description	Ref	2012/13		2013/14		2014/15		Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework	
			Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19		
<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>												
<b>Other assets</b>		1	266	390	7 056	28 671	42 519	42 519	64 355	63 200	31 900	
General vehicles		10	-	-	-	-	-	-	-	-	-	
Specialised vehicles			-	-	-	-	-	-	-	-	-	
Plant & equipment		266	390	7 056	24 221	41 519	41 519	700	800	900	900	
Civic Land and Buildings		-	-	-	-	-	-	62 655	61 400	30 000	30 000	
Other Buildings		-	-	-	-	-	-	-	-	-	-	
Other Land		-	-	-	-	-	-	-	-	-	-	
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-	-	
Other		-	-	-	4 450	1 000	1 000	1 000	1 000	1 000	1 000	
<b>Agricultural assets</b>												
<i>List sub-class</i>												
<b>Biological assets</b>												
<i>List sub-class</i>												
<b>Intangibles</b>												
Computers - software & programming												
Other (fisi sub-class)												
<b>Total Capital Expenditure on renewal of existing</b>	<b>1</b>	<b>137 455</b>	<b>83 260</b>	<b>502 299</b>	<b>745 427</b>	<b>861 279</b>	<b>861 279</b>	<b>804 300</b>	<b>963 401</b>	<b>934 904</b>		
<b>Specialised vehicles</b>												
Refuse		-	-	-	-	-	-	-	-	-	-	
Fire		-	-	-	-	-	-	-	-	-	-	
Conservancy		-	-	-	-	-	-	-	-	-	-	
Ambulances		-	-	-	-	-	-	-	-	-	-	
<b>Renewal of Existing Assets as % of total capex</b>		<b>23,2%</b>	<b>10,0%</b>	<b>54,0%</b>	<b>58,4%</b>	<b>61,9%</b>	<b>61,9%</b>	<b>51,6%</b>	<b>56,0%</b>	<b>52,6%</b>		
<b>Renewal of Existing Assets as % of deprecin"</b>		<b>19,6%</b>	<b>13,2%</b>	<b>68,8%</b>	<b>104,7%</b>	<b>116,2%</b>	<b>116,2%</b>	<b>107,5%</b>	<b>121,2%</b>	<b>111,1%</b>		

**Table 74: MBRR Table SA34c – Repairs and maintenance expenditure by asset class**

R thousand	Description	Ref	2012/13		2013/14		2014/15		Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework	
			Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	+1 2017/18	Budget Year +2 2018/19		
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>												
	<b>Infrastructure</b>	1	220 824	236 228	251 289	316 019	316 019	352 361	387 597	426 357		
	Infrastructure - Road transport		62 067	62 764	84 037	108 529	108 529	121 010	133 111	146 422		
	Roads, Pavements & Bridges		55 427	56 120	75 418	99 988	99 988	111 486	122 635	134 899		
	Storm water		6 640	6 644	8 619	8 541	8 541	9 523	10 476	11 523		
	Infrastructure - Electricity		100 347	103 884	90 862	112 550	112 550	125 493	138 042	151 846		
	Transmission & Relocation		97 551	100 033	6 812	108 099	108 099	120 530	132 583	145 842		
	Street Lighting		2 796	3 850	84 050	4 451	4 451	4 963	5 459	6 005		
	Infrastructure - Water		26 976	30 866	34 412	42 435	42 435	47 315	52 047	57 251		
	Dams & Reservoirs		1 021	932	1 013	1 283	1 283	1 431	1 574	1 731		
	Reticulation		25 955	29 933	33 398	41 152	41 152	45 885	50 473	55 520		
	Infrastructure - Sanitation		19 486	23 221	24 862	29 620	29 620	33 027	36 329	39 962		
	Relocation		19 486	23 221	24 862	29 620	29 620	33 027	36 329	39 962		
	Infrastructure - Other		11 948	15 494	17 116	22 885	22 885	25 517	28 068	30 875		
	Waste Management		11 948	15 494	17 116	22 885	22 885	25 517	28 068	30 875		
	<b>Community</b>		19 435	22 165	12 495	17 874	17 874	19 929	21 922	24 114		
	Parks & gardens		-	-	1 818	-	553	553	617	678	746	
	Sportsfields & stadia		407	11 248	335	553	413	460	506	557		
	Swimming pools		328	298	-	413	-	-	-	-		
	Community halls		398	405	526	585	585	652	718	789		
	Libraries		155	126	128	253	253	282	310	341		
	Recreational facilities		11 065	2 285	2 579	3 331	3 331	3 714	4 086	4 494		
	Fire, safety & emergency		991	1 394	1 507	2 288	2 288	2 551	2 806	3 087		
	Security and policing		1 518	1 995	1 144	2 005	2 005	2 236	2 459	2 705		
	Buses		7 474	394	118	2 658	2 658	2 963	3 260	3 586		
	Clinics		24	21	-	101	101	112	123	136		
	Museums & Art Galleries		32	14	10	71	71	79	87	95		
	Cemeteries		233	158	250	402	402	448	493	543		
	Other		3 910	3 828	4 079	5 215	5 215	5 815	6 396	7 036		

**MBRR Table SA34c – Repairs and maintenance expenditure by asset class (Continued)**

Description		Ref	2012/13		2013/14		2014/15		Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework		
			1 Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19			
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>													
<b>Heritage assets</b>			-	-	-	-	-	-	-	-			
Buildings		9											
Other													
<b>Investment properties</b>			-	-	-	-	-	-	-	-			
Housing development													
Other													
<b>Other assets</b>			23 443	27 293	20 271	38 117	38 117	42 501	46 751	51 426			
General vehicles			764	940	1 022	1 821	1 821	2 030	2 233	2 457			
Computers - hardware/equipment			816	604	671	1 065	1 065	1 188	1 307	1 437			
Furniture and other office equipment			3	0	2	16	16	18	19	21			
Markets			738	721	679	1 009	1 009	1 009	1 126	1 238	1 362		
Other Buildings			8 091	8 852	5 031	10 554	10 554	10 554	11 768	12 945	14 240		
Other			13 031	16 176	12 865	23 651	23 651	23 651	26 371	29 008	31 909		
<b>Agricultural assets</b>			-	-	-	-	-	-	-	-			
<i>List sub-class</i>													
<b>Biological assets</b>			-	-	-	-	-	-	-	-			
<i>List sub-class</i>													
<b>Intangibles</b>			-	-	-	-	-	-	-	-			
Computers - software & programming													
Other (list sub-class)													
<b>Total Repairs and Maintenance Expenditure</b>	1		263 702	285 666	284 054	372 010	372 010	372 010	414 791	456 270	501 897		
<b>Specialised vehicles</b>			-	-	-	-	-	-	-	-			
Refuse													
Fire													
Conservancy													
Ambulances													
<b>R&amp;M as a % of PPE</b>			2.6%	2.4%	2.4%	3.3%	3.3%	3.1%	3.2%	3.3%			
<b>R&amp;M as % Operating Expenditure</b>			6.6%	6.2%	5.4%	6.5%	6.5%	7.0%	7.2%	7.2%			

**Table 75: MBRIR Table SA34d – Depreciation by Asset Class**

R thousand	Description	Ref	2012/13		2013/14		2014/15		Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework	
			Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19		
<b>Depreciation by Asset Class/Sub-class</b>												
<b>Infrastructure</b>			588 900	534 586	615 261	567 413	596 130	583 796	619 991	656 570		
Infrastructure - Road transport			328 496	274 621	278 062	301 370	330 087	227 033	241 109	255 335		
Roads, Pavements & Bridges			305 868	252 045	255 241	301 370	330 087	227 033	241 109	255 335		
Storm water			22 628	22 576	22 821	–	–	–	–	–		
Infrastructure - Electricity			95 303	96 875	106 450	73 815	73 815	100 075	106 280	112 551		
Generation			–	–	–	–	–	–	–	–		
Transmission & Reticulation			92 376	93 974	106 450	73 815	73 815	100 075	106 280	112 551		
Street Lighting			2 927	2 901	–	–	–	–	–	–		
Infrastructure - Water			58 425	57 007	140 312	64 133	64 133	93 715	99 526	105 398		
Dams & Reservoirs			2 508	2 508	26 485	–	–	–	–	–		
Water purification			9 372	7 433	3 171	11 195	11 195	20 606	21 884	23 175		
Reticulation			46 545	47 066	110 657	52 939	52 939	73 109	77 642	82 223		
Infrastructure - Sanitation			106 676	106 083	90 437	123 418	123 418	156 147	165 828	175 612		
Reticulation			75 012	74 401	71 132	88 155	88 155	105 772	112 329	118 957		
Sewerage purification			31 664	31 683	19 305	35 263	35 263	50 375	53 499	56 655		
Infrastructure - Other			–	–	–	4 676	4 676	6 825	7 248	7 675		
Transportation			–	–	–	4 676	4 676	6 825	7 248	7 675		
<b>Community</b>			67 850	49 146	57 584	14 929	14 929	17 551	18 639	19 738		
Parks & gardens			1 052	1 034	1 373	582	582	577	613	649		
Sportsfields & stadia			9 919	9 666	16 273	3 218	3 218	4 666	4 956	5 248		
Community halls			14 497	14 344	14 672	1 159	1 159	1 582	1 680	1 779		
Libraries			2 197	2 197	2 641	–	–	–	–	–		
Recreational facilities			10 889	998	1 011	–	–	–	–	–		
Fire, safety & emergency			1 960	2 256	2 937	5 420	5 420	6 751	7 170	7 593		
Clinics			2 284	2 341	2 341	951	951	607	645	683		
Cemeteries			1 243	1 160	3 516	3 599	3 599	3 367	3 576	3 787		
Other			23 810	15 152	12 819	–	–	–	–	–		

**MBRR Table SA34d – Depreciation by Asset Class (Continued)**

Description		Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand		1	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
<b>Depreciation by Asset Class/Sub-class</b>											
<b>Heritage assets</b>		9	-	-	-	-	-	-	-	-	
Buildings			-	-	-	-	-	-	-	-	
Other			-	-	-	-	-	-	-	-	
<b>Investment properties</b>			-	-	-	-	-	-	-	-	
Housing development			-	-	-	-	-	-	-	-	
Other			-	-	-	-	-	-	-	-	
<b>Other assets</b>		10	41 568	45 144	56 140	129 872	129 872	146 993	156 106	165 317	
General vehicles			12 027	12 814	5 902	4 646	4 646	7 616	8 088	8 565	
Specialised vehicles			-	-	4 237	3 544	3 544	-	-	-	
Plant & equipment					8 616	2 145	2 145	2 707	2 874	3 044	
Computers - hardware/equipment					2 514	18 284	18 284	19 867	21 099	22 344	
Furniture and other office equipment					3 158	14 054	14 054	21 649	22 991	24 347	
Other Buildings			29 541	32 330	31 713	82 457	82 457	91 574	97 252	102 989	
Other					-	4 741	4 741	3 581	3 803	4 027	
<b>Agricultural assets</b>			-	-	-	-	-	-	-	-	
<i>List sub-class</i>											
<b>Biological assets</b>			-	-	-	-	-	-	-	-	
<i>List sub-class</i>											
<b>Intangibles</b>											
Computers - software & programming			3 185	856	391	-	-	-	-	-	
Other (list sub-class)			3 185	856	391	-	-	-	-	-	
<b>Total Depreciation</b>	1		701 504	629 731	729 375	712 213	740 930	748 339	794 736	841 625	
<b>Specialised vehicles</b>			-	-	4 237	3 544	3 544	-	-	-	
Refuse					3 392	2 034	2 034				
Fire					844	1 510	1 510				
Conservancy					-	-	-				
Ambulances					-	-	-				

**Table 76: MBRR Table SA35 – Future financial implications of the capital budget**

Vote Description	Ref	2016/17 Medium Term Revenue & Expenditure Framework				Forecasts		
		Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Present Value
R thousand								
<b>Capital expenditure</b>	1							
Vote 1 - Directorate - Executive Support Services		5 500	500	500				
Vote 2 - Directorate - Municipal Manager		17 522	31 678	19 000				
Vote 3 - Directorate - Human Settlement		202 441	190 530	198 127				
Vote 4 - Directorate - Chief Financial Officer		10 600	10 600	10 600				
Vote 5 - Directorate - Corporate Services		7 100	2 100	600				
Vote 6 - Directorate - Infrastructure Services		887 671	1 059 353	1 010 629				
Vote 7 - Directorate - Spatial Planning		230 290	259 450	331 918				
Vote 8 - Directorate - Health & Public Safety		30 032	19 817	11 619				
Vote 9 - Directorate - Municipal Services		122 478	101 294	137 506				
Vote 10 - Directorate - Economic Development		44 500	45 500	57 500				
<i>List entity summary if applicable</i>								
<b>Total Capital Expenditure</b>		<b>1 558 134</b>	<b>1 720 823</b>	<b>1 777 999</b>				
<b>Future operational costs by vote</b>	2							
Vote 1 - Directorate - Executive Support Services								
Vote 2 - Directorate - Municipal Manager								
Vote 3 - Directorate - Human Settlement								
Vote 4 - Directorate - Chief Financial Officer								
Vote 5 - Directorate - Corporate Services								
Vote 6 - Directorate - Infrastructure Services								
Vote 7 - Directorate - Spatial Planning								
Vote 8 - Directorate - Health & Public Safety								
Vote 9 - Directorate - Municipal Services								
Vote 10 - Directorate - Economic Development								
<i>List entity summary if applicable</i>								
<b>Total future operational costs</b>								
<b>Future revenue by source</b>	3							
Property rates								
Property rates - penalties & collection charges								
Service charges - electricity revenue								
Service charges - water revenue								
Service charges - sanitation revenue								
Service charges - refuse revenue								
Service charges - other								
Rental of facilities and equipment								
<i>List entity summary if applicable</i>								
<b>Total future revenue</b>								
<b>Net Financial Implications</b>		<b>1 558 134</b>	<b>1 720 823</b>	<b>1 777 999</b>				

**Table 77: MBRRI Table SA36 - Detailed capital budget per municipal vote**

Municipal Vote/Capital project R thousand	Program/Project description	Project/Goal number	IDP code	Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes Audited Outcome 2014/15	2016/17 Medium Term Revenue & Expenditure Framework			Project Information Budget Year 2016/17	Budget Year 2017/18	Budget Year 2018/19	Ward location	New or renewal
										Current Year 2015/16 Full Year Forecast	Budget Year 2016/17	Budget Year 2017/18	Budget Year 2018/19				
<b>Parent municipality:</b> List all capital projects grouped by Municipal Vote																	
<b>Vote 1 - Executive Support Services</b>																	
Office Furniture & Equipment																	
Various																	
Other Assets																	
Vehicles																	
Office Furniture & Equipment																	
Various																	
Computer Equipment																	
Other																	
Hussey																	
Office Furniture & Equipment																	
Various																	
<b>Vote 2 - Municipal Manager's Office</b>																	
Office Furniture & Equipment																	
Various																	
Computer Equipment																	
Other																	
<b>Vote 3 - Human Settlement</b>																	
Computer Equipment																	
Various																	
Office Furniture & Equipment																	
Various																	
<b>Vote 4 - Directorate of Finance</b>																	
Computer Equipment																	
Various																	
Office Furniture & Equipment																	
Various																	
<b>Vote 5 - Directorate of Corporate Services</b>																	
Computer Equipment																	
Various																	
Office Furniture & Equipment																	
Various																	
<b>Vote 6 - Directorate of Infrastructure Services</b>																	
Roads																	
Sewerage																	
Electricity																	
Street Lighting																	
Water																	
Infrastructure																	
Infrastructure																	
Other Assets																	
Vehicles																	

**MBRR Table SA36 - Detailed capital budget per municipal vote (continued)**

Municipal Vote/Capital project	Program/Project description	Project number	IDP functional code	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes	Expenditure Framework			Project Information		
									Audited Outcome 2014/15	Current Year Forecast	2016/17 Medium Term Revenue & Expenditure Framework		Ward location	New & Renewal
											Budget Year 2016/17	Budget Year +1 2017/18		
R thousand							5							
Parent municipality:	List all capital projects grouped by Municipal Vote													
Vote 7 - Directorate of Spatial Planning														
Land														
Transportation Infrastructure														
Office Furniture & Equipment														
Other														
Other														
Computer Equipment														
Land & Buildings														
Land & Buildings														
Office Furniture & Equipment														
Plant & Equipment														
Disaster Management														
Other														
Specialised Vehicles														
Vote 8 - Directorate of Health & Public Safety														
Land & Buildings														
Office Furniture & Equipment														
Plant & Equipment														
Disaster Management														
Other														
Specialised Vehicles														
Vote 9 - Directorate of Municipal Services/Re-use														
Community Amenities														
Sports Fields														
Halls														
Recreational Facilities														
Plant & equipment														
Office Furniture & Equipment														
Computer Equipment														
Plant & equipment														
Sports Fields														
Asset Replacements														
Zoo														
Aquarium														
Beaches														
Resorts														
Vote 10 - Directorate of Economic Development														
LED														
Parent Capital expenditure														

**Table 78: MBRR Table SA37 – Projects delayed from the previous financial year**

Municipal Vote/Capital project Ref.	Ref. R thousand	Project name	Project number	Asset Class J	Asset Sub-Class J	GPS co-ordinates 4	Previous target year to complete Year	Current Year 2015/16			2016/17 Medium term Revenue & Expenditure Framework		
								Original Budget Forecast	Full Year Budget Forecast	Budget Year +1 2017/18	Budget Year +2 2018/19		
Vote 3 - Human Settlement					Examples								
		Reeston Phase 3 Stage 2 P1 & P3		Housing	Housing	27.7789 -32.965061		5 000	5 000				
		Mdantsane Zone 18 CC Phase 2 - P1 & P3		Housing	Housing	27.7789 -32.965061		2 000	2 000				
		Manyato & Thembelile Phases 2 - P1 & P3		Housing	Housing	27.7789 -32.965061		4 000	4 000				
		Second Creek (Turn Key) - P1 & P3		Housing	Housing	27.7789 -32.965061		1 000	1 000				
		Block 7 and TRA - P1& P3		Housing	Housing	27.7789 -32.965061		300	300				
		DVRI Pilot Project (Metheni), Haven Hills, Competition Site P1 & P3		Housing	Housing	27.7789 -32.965061		270	270				
		Cluster 3 (Fynbos Informal 1, Fynbos Informal 2, Ndancana) P1 & P3		Housing	Housing	27.7789 -32.965061		1 000	1 000				
Vote 6 - Directorate of Infrastructure Services				Roads	Roads	27.914219 -33.017366		2 000	2 000				
		Various		Waste Water	Waste Water	27.441562 -32.923272		2 900	2 900				
		Various		Waste Water	Waste Water	27.441562 -32.923272		450	450				
		Various		Waste Water	Waste Water	27.441562 -32.923272		10 000	10 000				
		Various		Waste Water	Waste Water	27.441562 -32.923272		22 500	22 500				
		Various		Waste Water	Waste Water	27.441562 -32.923272		11 800	11 800				
		West Bank Retention											
		Buffertip Sanitation											
		Eastern Beach Sewers											
		E.L Sewer Diversion Centre											
		Reeston Phase 3 Bulk Service Sewer											
		Waste Water Treatment Capacity 2weltsha											
Vote 9 - Directorate of Municipal Services				Parks	Parks	27.73973 -32.9079		1 900	1 900				
		Community and social services		Cemeteries	Cemeteries	27.73973 -32.9079		2 500	2 500				
		Various		Halls	Halls	27.73973 -32.9079		800	800				
		Environmental Protection		Swimming Pool	Swimming Pool	27.73973 -32.9079		2 998	2 998				
		Development and Upgrading of Community Halls		Amenities	Amenities	27.73973 -32.9079		1 600	1 600				
		Development of Mdantsane NU 2 Swimming Pools & Upgrading of Waterworld		Amenities	Amenities	27.73973 -32.9079		750	750				
		Upgrading of Esplanade											
		Upgrading of Aquarium											
		Entitled:											
		List all capital projects grouped by Municipal Entity											
		Entity Name											
		Project name											

## **2.14 LEGISLATION COMPLIANCE STATUS**

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

### **1. In year reporting**

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the City's website.

### **2. Internship programme**

The City is participating in the Municipal Financial Management Internship programme and has been continuously training interns. There are currently six interns that are undertaking the programme, all have been enrolled to the Municipal Finance and Supply Chain Management Programme that is prescribes as a minimum competency for middle management. An additional intake of four interns will be recruited soon for commencement in the new financial year

### **3. Budget and Treasury Office**

The Budget and Treasury Office has been established in accordance with the MFMA.

### **4. Audit Committee**

An Audit Committee has been established and is fully functional.

### **5. Service Delivery and Implementation Plan**

The detail draft SDBIP document has been prepared as part of the 2016/17 IDP review and MTREF budget preparation in compliance with MFMA, Section 53(1)(c).

## **6. Annual Report**

Annual report is compiled in terms of the MFMA and National Treasury requirements. The Annual report for 2014/15 financial year was prepared in line with MFMA Circular 63 guideline and tabled at Council on 27 January 2016.

## **7. National Treasury Competency Programme**

BCMM senior management have already undergone training as required in the National Treasury Competency Programme and has now ventured into cascading this programme down to junior managerial levels of staff.

## **8. Policies**

Policies are available on the BCMM website at [www.buffalocitymetro.gov.za](http://www.buffalocitymetro.gov.za)

## **9. Councillors Remuneration**

Remuneration of Councillors is determined by the Minister of Cooperative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the City's budget.

**Table 79: MBRR Table SA1 – Supporting detail to budgeted financial performance**

Description	Ref	2014/15			Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	+1 2017/18	Budget Year +2 2018/19	
<b>R thousand</b>											
<b>REVENUE ITEMS:</b>											
<b>Property rates</b>	6	602 867	699 173	817 717	937 143	987 143	987 143	1 161 166	1 246 415	1 335 583	
Total Property Rates less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MfRA)	22 767	26 218	23 198	34 301	34 301	34 301	34 301	38 246	42 644	47 549	
Net Property Rates	580 100	672 957	794 519	902 842	952 842	952 842	952 842	1 122 920	1 263 770	1 288 034	
<b>Service charges - electricity revenue</b>	6	1 268 660	1 383 884	1 465 814	1 658 671	1 758 671	1 758 671	1 815 256	1 953 942	2 103 223	
Total Service charges - electricity revenue less Revenue Foregone (in excess of 50 kwh per Indigent household per month)	—	—	—	—	—	—	—	—	—	—	
less Cost of Free Basis Services (50 kwh per Indigent household per month)	—	—	—	—	—	—	—	—	—	—	
Net Service charges - electricity revenue	1 268 660	1 383 884	1 465 814	1 658 671	1 758 671	1 758 671	1 758 671	1 815 256	1 953 942	2 103 223	
<b>Service charges - water revenue</b>	6	271 026	325 360	394 262	411 381	411 381	411 381	411 381	444 281	479 346	517 310
Total Service charges - water revenue less Revenue Foregone (in excess of 6 kilolitres per Indigent household per month)	—	—	—	—	—	—	—	—	—	—	
Indigent household per month)	—	—	—	—	—	—	—	—	—	—	
Net Service charges - water revenue	271 026	325 360	394 262	411 381	411 381	411 381	411 381	444 281	479 346	517 310	
<b>Service charges - sanitation revenue</b>	223 023	248 673	278 832	314 571	314 571	314 571	314 571	339 107	364 540	380 787	
Total Service charges - sanitation revenue less Revenue Foregone (in excess of free sanitation service to indigent households)	—	—	—	—	—	—	—	—	—	—	
less Cost of Free Basis Services (free sanitation service to indigent households)	—	—	—	—	—	—	—	—	—	—	
Net Service charges - sanitation revenue	223 023	248 673	278 832	314 571	314 571	314 571	314 571	339 107	364 540	380 787	
<b>Service charges - refuse revenue</b>	6	198 898	228 895	261 807	286 063	286 063	286 063	286 063	308 375	331 504	355 372
Total refuse removal revenue	—	—	—	—	—	—	—	—	—	—	
Total landfill revenue	—	—	—	—	—	—	—	—	—	—	
less Revenue Foregone (in excess of one removal a week to Indigent households)	—	—	—	—	—	—	—	—	—	—	
less Cost of Free Basis Services (removed once a week to Indigent households)	—	—	—	—	—	—	—	—	—	—	
Net Service charges - refuse revenue	198 898	228 895	261 807	286 063	286 063	286 063	286 063	308 375	331 504	355 372	
<b>Other Revenue by source</b>	1	517 728	642 030	586 395	682 931	682 931	682 931	682 931	337 355	360 971	
<i>Fuel Levy</i>	317 781	343 412	361 639	370 461	370 461	370 461	370 461	21 605	21 605	23 247	
<i>Electricity vending station commission</i>	15 572	17 176	18 084	21 605	21 605	21 605	21 605	63 817	63 817	73 611	
<i>Ferry charges</i>	46 279	52 485	58 358	63 817	63 817	63 817	63 817	68 666	68 666	78 764	
<i>Plan approval fees</i>	5 165	7 247	6 174	9 837	9 837	9 837	9 837	11 347	11 347	12 142	
<i>Reconnection fees</i>	3 446	14 261	14 822	13 804	13 804	13 804	13 804	14 853	14 853	15 922	
<i>Electricity service connection fees</i>	8 553	28 869	22 848	10 000	10 000	10 000	10 000	10 760	10 760	11 355	
<i>Vehicle registration</i>	30 696	32 939	31 342	42 352	42 352	42 352	42 352	45 571	48 852	52 272	
<i>Other revenue</i>	90 234	145 639	131 054	131 054	131 054	131 054	131 054	151 167	151 167	161 749	
<b>Total 'Other' Revenue</b>	1	517 728	642 030	586 395	682 931	682 931	682 931	682 931	337 355	360 971	

**MBRR Table SA1 – Supporting detail to budgeted financial performance (Continued)**

Description	Ref	2012/13				2013/14				2014/15				Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19											
<b>R thousand</b>																					
<b>EXPENDITURE ITEMS:</b>																					
<b>Employee related costs</b>																					
Basic Salaries and Wages	2	610 444	657 585	709 687	849 245	887 198	887 198	927 968	1 006 286	1 077 569											
Pension and UIF Contributions		119 158	127 627	135 383	155 412	155 412	155 412	175 926	185 202	197 515											
Medical Aid Contributions		42 218	46 872	52 913	96 231	96 231	96 231	84 290	90 022	96 144											
Overtime		62 099	80 707	107 200	60 348	60 348	60 348	60 348	71 801	73 722	78 735										
Performance Bonus		—	—	—	71 335	71 335	71 335	71 335	—	—	—										
Motor Vehicle Allowance	17 417	18 631	20 473	29 885	29 885	29 885	29 885	32 334	34 532	36 880											
Telephone Allowance		—	—	—	—	—	—	—	4 276	4 567	4 878										
Housing Allowances		3 509	3 219	3 508	10 145	10 145	10 145	10 145	13 739	13 739	13 739										
Other benefits and allowances		93 623	163 021	117 667	90 647	90 647	90 647	90 647	179 633	189 733	202 635										
Payments in lieu of leave		20 868	22 094	29 230	7 307	7 307	7 307	7 307	16 121	17 218	18 388										
Long service awards		13 225	14 840	16 270	17 064	17 064	17 064	17 064	18 831	19 719	21 060										
Post-retirement benefit obligations	4	—	—	—	—	—	—	—	6 148	6 566	7 012										
<b>sub-total</b>	5	982 560	1 134 586	1 192 331	1 387 619	1 425 572	1 425 572	1 425 572	1 531 068	1 641 305	1 754 555										
<b>Less: Employee costs capitalised to PPE</b>																					
Total Employee related costs	1	982 560	1 134 596	1 192 331	1 387 619	1 425 572	1 425 572	1 425 572	1 531 068	1 641 305	1 754 555										
<b>Contributions recognised - capital</b>																					
<i>List contributions by contract</i>																					
<b>Total Contributions recognised - capital</b>		—	—	—	—	—	—	—	—	—	—										
<b>Depreciation &amp; asset impairment</b>																					
<b>Depreciation of Property, Plant &amp; Equipment</b>		701 504	629 728	729 680	712 213	740 930	740 930	740 930	748 339	794 736	841 625										
<b>Total Depreciation &amp; asset impairment</b>	1	701 504	629 728	729 680	712 213	740 930	740 930	740 930	748 339	794 736	841 625										
<b>Bulk purchases</b>																					
<b>Electricity Bulk Purchases</b>		900 089	952 084	1 043 186	1 190 815	1 220 815	1 220 815	1 220 815	1 316 772	1 420 270	1 531 903										
<b>Water Bulk Purchases</b>		140 025	158 380	170 456	186 196	186 196	186 196	186 196	204 816	225 287	247 827										
<b>Total bulk purchases</b>	1	1 040 113	1 110 464	1 213 542	1 377 012	1 407 012	1 407 012	1 407 012	1 521 587	1 645 587	1 779 730										
<b>Transfers and grants</b>																					
<b>Cash transfers and grants</b>		2 474	13 946	29 243	25 493	25 493	25 493	25 493	39 014	41 874	44 941										
<b>Non-cash transfers and grants</b>		96 557	131 925	206 555	233 076	233 076	233 076	233 076	249 453	268 288	288 236										
<b>Total transfers and grants</b>	1	99 031	145 871	235 798	258 568	258 568	258 568	258 568	268 488	310 163	333 178										
<b>Contracted services</b>																					
<b>Contractor Payments</b>		2 692	3 003	2	3 556	3 556	3 556	3 556	3 698	3 928	4 159										
<b>Grass cutting</b>		2 515	2 757	2 969	3 265	3 265	3 265	3 265	3 395	3 606	3 619										
<b>One-man contracts</b>		2 557	3 984	11 636	14 595	14 595	14 595	14 595	15 178	16 119	17 070										
<b>Transfer Contract</b>		—	—	—	206	206	206	206	214	228	241										
<b>sub-total</b>	1	7763	9 743	14 607	21 622	21 622	21 622	21 622	22 486	23 881	25 290										
<b>Allocations to organs of state:</b>																					
Electricity																					
Water																					
Sanitation																					
Other																					
<b>Total contracted services</b>	1	7763	9 743	14 607	21 622	21 622	21 622	21 622	22 486	23 881	25 290										

**MBRR Table SA1 – Supporting detail to budgeted financial performance (Continued)**

Description	Ref	2016/17 Medium Term Revenue & Expenditure Framework				
		2012/13	2013/14	2014/15	Current Year 2015/16	Budget Year 2016/17
<b>A thousand</b>						
<b>EXPENDITURE ITEMS:</b>						
<b>Other Expenditure By Type</b>						
Collection costs		21 440	24 492	17 030	29 887	32 689
Contributions to 'other' provisions		—	—	—	18 090	18 813
Consultant fees		21 705	28 267	26 421	18 090	19 980
Audit fees		9 219	11 692	12 572	10 658	11 084
General expenses		3 321 172	428 704	381 890	255 031	264 365
<b>List Other Expenditure by Type</b>						
Repairs and Maintenance		263 702	285 686	284 054	372 010	372 010
Chemicals and disinfectants		11 573	10 988	12 279	13 784	13 784
Departmental electricity costs		44 876	50 668	52 861	50 782	50 782
Essential user costs		13 029	14 396	16 932	14 624	0
Diesel fuel oil and petrol		40 327	39 856	38 274	56 499	56 499
Hired plant		21 320	31 848	18 243	18 243	18 243
Insurance		15 859	16 112	20 850	27 610	27 610
Levies - SALGA		9 800	10 400	10 319	11 955	11 955
Levies - Skills development		9 193	10 451	10 268	13 803	13 803
Poor relief		0	7	—	3 000	3 000
Departmental refuse removal costs		1 504	1 943	11 116	1 840	1 840
Rental - Offices (Trust Bank)		6 894	8 126	9 991	9 991	9 991
Departmental sanitary costs		3 059	5 002	6 609	6 609	6 609
Telephones		20 499	21 957	23 029	14 366	14 366
Travel and subsistence allowances		6 840	11 035	11 096	4 972	4 972
Departmental water costs		5 162	7 550	12 376	7 345	7 345
Housing Projects		48 765	116 475	263 280	523 856	374 706
Operating Projects		74 816	110 983	76 882	147 485	152 886
RDP housing		29 535	—	—	—	—
Computer licences		—	—	—	4 000	4 000
Sponsored sporting events		1	1 000 287	1 246 637	1 326 472	1 603 419
<b>Total Other' Expenditure</b>	1	1 000 287	1 246 637	1 326 472	1 603 419	1 471 602
						1 471 602
						1 374 675
						1 502 101
						1 753 291

<b>Repairs and Maintenance</b>	8					
Employee related costs						
Other materials						
Contracted Services						
<b>Other Expenditure</b>						
<b>Total Repairs and Maintenance Expenditure</b>	9	263 702	285 686	284 054	372 010	372 010
		263 702	285 686	284 054	372 010	372 010
						414 791
						456 270
						501 897

**Table 80: MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)**

Description	Ref	Vote 1 - Executive Support	Vote 2 - Directorate - Municipal Manager	Vote 3 - Directorate - Human Settlement	Vote 4 - Directorate - Chief Financial Officer	Vote 5 - Directorate - Corporate Services	Vote 6 - Directorate - Infrastructure & Services	Vote 7 - Directorate - Spatial Planning	Vote 8 - Directorate - Health & Public Safety	Vote 9 - Directorate - Municipal Services	Vote 10 - Directorate - Economic Development	Total
<b>R thousand</b>		1										
<b>Revenue By Source</b>												
Property rates												
Property rates - penalties & collection charges												
Service charges - electricity revenue												
Service charges - water revenue												
Service charges - sanitation revenue												
Service charges - refuse revenue												
Service charges - other												
Rental of facilities and equipment												
Interest earned - external investments												
Interest earned - outstanding debtors												
Dividends received												
Fines												
Licences and permits												
Agency services												
Other revenue												
Transfers recognised - operational												
Gains on disposal of PPE												
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>41 692</b>	<b>563 717</b>	<b>1 901 731</b>	<b>13 036</b>	<b>2 824 217</b>	<b>47 430</b>	<b>103 089</b>	<b>406 059</b>	<b>0</b>	<b>5 906 770</b>	
<b>Expenditure By Type</b>												
Employee related costs												
Remuneration of councillors												
Debt impairment												
Depreciation & asset impairment												
Finance charges												
Bulk purchases												
Other materials												
Contracted services												
Transfers and grants												
Other expenditure												
Loss on disposal of PPE												
<b>Total Expenditure</b>		<b>179 989</b>	<b>105 052</b>	<b>495 942</b>	<b>478 108</b>	<b>179 419</b>	<b>3 218 111</b>	<b>284 117</b>	<b>357 984</b>	<b>605 248</b>	<b>1 721</b>	<b>5 905 692</b>
<b>Surplus/(Deficit)</b>		<b>(179 989)</b>	<b>(63 360)</b>	<b>67 774</b>	<b>1 423 623</b>	<b>(166 382)</b>	<b>(393 895)</b>	<b>(236 687)</b>	<b>(249 895)</b>	<b>(198 389)</b>	<b>(1 721)</b>	<b>1 079</b>
Transfers recognised - capital												
Contributions recognised - capital												
Contributed assets												
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>(179 989)</b>	<b>(63 360)</b>	<b>67 774</b>	<b>1 423 623</b>	<b>(166 382)</b>	<b>(393 895)</b>	<b>(236 687)</b>	<b>(249 895)</b>	<b>(198 389)</b>	<b>846 548</b>	<b>849 348</b>

**Table 81: MBRR Table SA3 – Supporting detail to Statement of Financial Position**

Description	Ref	2013/14				2014/15				Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19				
<b>R thousand</b>																	
<b>ASSETS</b>																	
<b>Call investment deposits</b>		1 698 468	1 966 369	2 137 189	2 303 434	2 380 443	2 380 443	2 408 873	2 408 873	2 569 586	2 781 310						
Call deposits < 90 days																	
Other current investments > 90 days																	
<b>Total Call investment deposits</b>	2	<b>1 698 468</b>	<b>1 966 369</b>	<b>2 137 189</b>	<b>2 303 434</b>	<b>2 380 443</b>	<b>2 380 443</b>	<b>2 408 873</b>	<b>2 408 873</b>	<b>2 569 586</b>	<b>2 781 310</b>						
<b>Consumer debtors</b>																	
Consumer debtors		1 161 336	1 263 496	1 594 550	1 512 900	1 512 900	1 754 005	1 929 405	2 122 346	2 334 580							
Less: Provision for debt impairment		(565 116)	(686 126)	(899 745)	(840 954)	(840 954)	(987 056)	(1 108 770)	(1 235 112)	(1 365 662)							
<b>Total Consumer debtors</b>	2	<b>598 220</b>	<b>577 370</b>	<b>694 805</b>	<b>671 946</b>	<b>671 946</b>	<b>766 947</b>	<b>820 635</b>	<b>987 234</b>	<b>988 919</b>							
<b>Debt impairment provision</b>																	
Balance at the beginning of the year																	
Contributions to the provision																	
Bad debts written off																	
<b>Balance at end of year</b>																	
<b>Property, plant and equipment (PPE)</b>																	
PPE at cost/valuation (excl. finance leases)																	
Leases recognised as PPE																	
Less: Accumulated depreciation																	
<b>Total Property, plant and equipment (PPE)</b>	2	<b>565 116</b>	<b>686 126</b>	<b>899 745</b>	<b>840 954</b>	<b>840 954</b>	<b>987 056</b>	<b>1 108 770</b>	<b>1 235 112</b>	<b>1 365 662</b>							
<b>LIABILITIES</b>																	
<b>Current liabilities - Borrowing</b>																	
Short term loans (other than bank overdraft)																	
Current portion of long-term liabilities																	
<b>Total Current liabilities - Borrowing</b>	51 667	<b>57 416</b>	<b>48 835</b>	<b>46 097</b>	<b>46 097</b>	<b>46 097</b>	<b>46 097</b>	<b>51 825</b>	<b>51 794</b>	<b>59 561</b>							
<b>Trade and other payables</b>																	
Trade and other creditors																	
Unspent conditional transfers																	
VAT																	
<b>Total Trade and other payables</b>	2	<b>1 033 311</b>	<b>855 385</b>	<b>711 360</b>	<b>774 300</b>	<b>774 300</b>	<b>774 300</b>	<b>851 730</b>	<b>936 903</b>	<b>1 030 593</b>							
<b>Non current liabilities - Borrowing</b>																	
Borrowing																	
Finance leases (including PPP asset element)																	
<b>Total Non current liabilities - Borrowing</b>	4	<b>597 207</b>	<b>542 574</b>	<b>496 477</b>	<b>496 477</b>	<b>496 477</b>	<b>514 234</b>	<b>651 791</b>	<b>769 097</b>								
<b>Provisions - non-current</b>																	
Retirement benefits																	
List other major provision items																	
Reuse landfill site rehabilitation																	
Other																	
<b>Total Provisions - non-current</b>	327 634	<b>399 295</b>	<b>487 757</b>	<b>499 260</b>	<b>499 260</b>	<b>499 260</b>	<b>549 186</b>	<b>604 105</b>	<b>664 515</b>								
49 969	<b>57 756</b>	<b>10 433</b>	<b>99 830</b>	<b>99 830</b>	<b>99 830</b>	<b>99 830</b>	<b>109 813</b>	<b>120 794</b>	<b>132 874</b>								
<b>Total Provisions - non-current</b>	377 703	<b>457 151</b>	<b>486 291</b>	<b>599 090</b>	<b>599 090</b>	<b>599 090</b>	<b>658 999</b>	<b>724 699</b>	<b>797 389</b>								

**MBRR Table SA3 – Supporting detail to Statement of Financial Position (Continued)**

Description	Ref	2012/13		2013/14		2014/15		Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework	
		Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
<b>R thousand</b>											
<b>CHANGES IN NET ASSETS</b>											
<b>Accumulated Surplus/(Deficit)</b>											
Accumulated Surplus/(Deficit) - opening balance	7 913 290	8 390 445	8 948 495	8 238 798	8 238 798	8 238 798	8 238 798	11 772 123	14 069 492	16 231 172	
GRAP adjustments	7 308	84 832	6 946								
Restated balance	7 920 598	8 475 277	8 955 442	8 238 798	8 238 798	8 238 798	8 238 798	11 772 123	14 069 492	16 231 172	
Surplus/(Deficit)	458 227	604 192	349 126	851 275	851 275	851 275	851 275	849 347	894 454	972 266	
Appropriations to Reserves											
Transfers from Reserves											
Depreciation offsets											
Other adjustments	573	(130 973)	(2)	960 503	1 097 794	1 097 794	2 682 050	1 448 022	1 267 226	1 348 302	
Accumulated Surplus/(Deficit)	1	8 390 445	8 948 495	9 304 566	10 050 576	10 187 867	10 187 867	11 772 123	14 069 492	16 231 172	18 551 739
Reserves											
Housing Development Fund											
Capital replacement											
Self-Insurance											
Other reserves	573	(11 047)	(130 973)	(2)	960 503	1 097 794	1 097 794	2 682 050	(304 427)	(311 170)	(339 943)
Revaluation	2 415 540	4 185 855	4 236 663	2 810 783	2 810 783	2 810 783	2 810 783	3 091 861	3 401 047	3 741 152	
Total Reserves	2	2 427 160	4 054 881	4 236 661	3 771 286	3 908 577	3 908 577	5 492 833	2 787 434	3 069 877	3 401 209
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	10 817 606	13 003 377	13 541 227	13 821 862	14 056 444	14 056 444	16 856 926	19 321 049	21 952 948	

**Table 82: MBRR Table SA9 – Social, Economic and Demographic Statistics and Assumptions**

Description of economic indicator	Ref.	Basis of calculation	2001 Census	2007 Survey	2011 Census	2012/13		2013/14		2014/15		Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework	
						Outcome	Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome	Outcome	Outcome
<b>Demographics</b>															
Population	0	Statistic SA 2011 Census [Figures to be maintained till there is another official count in the form of Community Survey or another Census]	660	702	724	724	724	724	724	724	724	724	724	724	724
Females aged 5 - 14	0		69	69	65	65	65	65	65	65	65	65	65	65	65
Males aged 5 - 14	0		68	69	66	66	66	66	66	66	66	66	66	66	66
Females aged 15 - 34	0		117	141	136	136	136	136	136	136	136	136	136	136	136
Males aged 15 - 34	0		130	128	146	146	146	146	146	146	146	146	146	146	146
Unemployment	0		88	158	112	112	112	112	112	112	112	112	112	112	112
<b>Monthly household income (no. of households)</b>															
No income	1, 12					39 023	39 023	39 023	39 023	39 023	39 023	39 023	39 023	39 023	39 023
R1 - R1 600	0					11 650	11 650	11 650	11 650	11 650	11 650	11 650	11 650	11 650	11 650
R1 601 - R3 200	0					15 660	15 660	15 660	15 660	15 660	15 660	15 660	15 660	15 660	15 660
R3 201 - R8 400	0	Statistic SA 2011 Census [Figures to be maintained till there is another official count in the form of Community Survey or another Census]	41 421	41 421	41 421	41 421	41 421	41 421	41 421	41 421	41 421	41 421	41 421	41 421	41 421
R8 401 - R12 800	0		38 047	38 047	38 047	38 047	38 047	38 047	38 047	38 047	38 047	38 047	38 047	38 047	38 047
R12 801 - R25 600	0		24 816	24 816	24 816	24 816	24 816	24 816	24 816	24 816	24 816	24 816	24 816	24 816	24 816
R25 601 - R51 200	0		19 886	19 886	19 886	19 886	19 886	19 886	19 886	19 886	19 886	19 886	19 886	19 886	19 886
R52 201 - R102 400	0		17 765	17 765	17 765	17 765	17 765	17 765	17 765	17 765	17 765	17 765	17 765	17 765	17 765
R102 401 - R204 800	0		11 058	11 058	3 448	3 448	3 448	3 448	3 448	3 448	3 448	3 448	3 448	3 448	3 448
R204 801 - R409 600	0		918	918	918	918	918	918	918	918	918	918	918	918	918
R409 601 - R819 200	0		658	658	658	658	658	658	658	658	658	658	658	658	658
<b>Poverty profiles (no. of households)</b>															
< R2 060 per household per month	13					54240,00	54240,00	54240,00	54240,00	54240,00	54240,00	54240,00	54240,00	54240,00	54240,00
Insert description	2					<R2 400	<R2 400	<R2 400	<R2 400	<R2 400	<R2 400				
<b>Household demographics (000)</b>															
Number of people in municipal area	659 531	701 888	724 309	755	755	755	755	755	755	755	755	755	755	755	755
Number of poor people in municipal area	174 611	166 874	136 833	189	189	189	189	189	189	189	189	189	189	189	189
Number of households in municipal area	155 729	194 065	208 389	224	224	224	224	224	224	224	224	224	224	224	224
Number of poor households in municipal area	N/A	N/A	N/A	54	54	54	54	54	54	54	54	54	54	54	54
Debtors of poor households (R per month)	N/A	N/A	N/A	<R2 400	<R2 400	<R2 400	<R2 400	<R2 400	<R2 400	<R2 400	<R2 400	<R2 400	<R2 400	<R2 400	<R2 400
<b>Housing statistics</b>															
Formal	3	112294	120 566	156 679	162 310	162 310	162 310	162 310	162 310	162 310	162 310	162 310	162 310	162 310	162 310
Total number of households	4	43022	58 080	45 601	49 856	49 856	49 856	49 856	49 856	49 856	49 856	49 856	49 856	49 856	49 856
Dwellings provided by municipality	4		178 656	202 280	212 166	212 166	212 166	212 166	212 166	212 166	212 166	212 166	212 166	212 166	212 166
Dwellings provided by provinces	5														
Total new housing dwellings	5														
<b>Economic</b>															
Inflation/realisation outlook (CPIX)	6					-1,18%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Interest rates - borrowing						11,7%	10,5%	10,5%	10,5%	10,5%	10,5%	10,5%	10,5%	10,5%	10,5%
Interest rates - investment						0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Remuneration increases						6,4%	8,3%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Consumption growth (electricity)						0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Consumption growth (water)						0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Collection rates	7					0,0%	93,0%	93,0%	93,0%	93,0%	93,0%	93,0%	93,0%	93,0%	93,0%
Property tax/service charges						0,0%	101,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
Rental of houses & equipment						0,0%	134,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
Interest - investments						0,0%	99,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
Interest - debtors						0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Revenue from agency services						0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%

**Table 83: MBRR Table SA32 – List of External Mechanism**

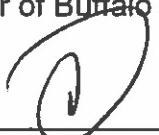
External mechanism	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
					R thousand
Name of organisation	Number				
Mailtronic Media Management	Yrs	3	Printing of Statements	31 March 2018	3 807
Amatola Water	Yrs	30	Bulk Water Supply	04 December 2030	6 321 843
Ois	Yrs	20	Maintenance of lift - Central Library	01 March 2021	–
Hec	Yrs	3	Leasing of Photocopier Machine	2016	2 082
Truegroup	Yrs	3	Rental of Office Space for EPMO	01 October 2016	183 142
Nashua (Fire Dept)	Mths	60	Lease of photocopier MP2352SP W411KB00868	01 May 2017	109
Xerox Va Aloe Business solutions	Yrs	3	Leasing of Photocopier Machine	2016	3 181
Nashua	Yrs	5	Leasing of Photocopier Machine	2016	1 598
ECDC	Yrs	5	Leasing of operating building	31 August 2015	923
Slip knot investmentsTrust Centre Building	Yrs	5	Leasing of operating building	31 August 2016	34 469
EC Services	Yrs	3	Disconnection and reconnection of electrical supply	31 January 2016	25 852
Morgan Creek Properties 158 Pty Ltd	Yrs	3	Rental - office accommodation	31 July 2015	7 672
Burmeister and Company	Yrs	50	Lease of Land and building	30 June 2041	25 927
PF Properties(adjacent to aquarium)	Yrs	50	Lease of Land and building	30 November 2043	2 101
FERRUCCI BROTHERS CC	Yrs	50	Lease of Land and building	30 November 2043	33 118
DAKS INTERNATIONAL	Yrs	5	Lease of Land and building	31 December 2016	1 600
Denrays Kwikspar	Yrs	10	Lease of Land and building	31 January 2016	23
FNB East London	Yrs	10	Lease of Land and building	28 February 2016	19
Major Square	Yrs	10	Lease of Land and building	30 September 2016	21
Jesus Christ Ministry Movement	Yrs	5	Lease of Land and building	31 January 2016	14
Winter Rose Rugby F.C.	Yrs	25	Lease of Land and building	31 October 2022	58
Gonubie Sports Club	Yrs	25	Lease of Land and building	30 September 2024	105
Hamilton Club	Yrs	24	Lease of Land and building	31 December 2020	1
ABBORTSFORD SPORTS CLUB	Yrs	5	Lease of Land and building	30 March 2016	14
cambridge Junior School	Yrs	9	Lease of Land and building	31 December 2020	14
Typos Bowling Club	Yrs	25	Lease of Land and building	31 March 2022	51
E L Surf Life saving Club	Yrs	5	Lease of Land and building	01 March 2016	14
Border Cricket Board	Yrs	21	Lease of Land and building	31 December 2020	52
Buffalo Club	Yrs	24	Lease of Land and building	31 December 2020	1
Stirling High School	Yrs	30	Lease of Land and building	31 January 2025	53
Masibambane Home Based Care	Yrs	10	Lease of Land and building	30 September 2022	49
Parkside Day Care and Pre Primary	Yrs	5	Lease of Land and building	30 June 2017	15
Paynigh Property Investment	Yrs	10	Lease of Land and building	28 February 2017	28
Nolukhanyo Daycare Centre	Yrs	5	Lease of Land and building	31 May 2017	15
MTN	Yrs	10	Lease of Land and building	30 October 2017	24
Cambridge Sports Club	Yrs	24	Lease of Land and building	31 December 2020	169
KINVEST (Pty) Ltd	Yrs	10	Lease of Land and building	31 October 2020	38
EASTERN CAPE SOFTBALL FEDERATION	Yrs	5	Lease of Land and building	31 August 2018	22
ABSA Bank	Yrs	5	Banking services	12 March 2017	15 584
De Hys Laundrette	Yrs	3 years	Service of linen, pillows slips, duvets, curtains	015( extended till 31 Mar	R 92 625.60

## 2.15 CITY MANAGER'S QUALITY CERTIFICATE

I NCEBA NCUNYANA, Acting City Manager of Buffalo City Metropolitan Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name NCEBA NCUNYANA

Acting City Manager of Buffalo City Metropolitan Municipality (BUF)

Signature 

Date 20 - 05 - 2016

## **ANNEXURES:**

- C: 2016/17 MTREF Capital Projects
- D: 2016/17 MTREF Operating Projects
- E: 2016/17 Tariffs
- F: Tariff Policy
- G: Budget Virement Policy
- H: Budget Policy
- I: MFMA Circular 78, 79 and 82
- J: mSCOA Project Plan and Progress to Date
- K: Service Level Standards
- L: A Schedules
- M: 2016/17 Built Environment Performance Plan (BEPP)
- N: Long-Term Borrowings Policy